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New British Budget Emphasizes Fight Against Joblessness

By Bob Hagerty

International Herald Tribune
LONDON — The government

sounded Tuesday a cautionary note aimed at reducing unemployment in Britain while reassuring the financial markets that inflation will not resurge.

John Lawson, the chancellor of the exchequer, told Parliament of his plan to encourage companies to hire more young and unskilled workers by reducing the company contributions to National Insurance, which provides health and other government benefits.

He rejected calls for substantially higher government spending to create jobs and announced earlier-than-expected tax reductions.

Reaffirming that the government's purpose "is nothing less than the defeat of inflation," he said: "We must also do what we can to combat the scourge of unemployment."

The budget for the fiscal year ending April 1, assured of approval in Parliament because of the Conservative Party majority, calls for spending of £159.5 billion (\$182 billion), up from £149.5 billion in the current fiscal year.

The Conservative government of Prime Minister Margaret Thatcher managed to reduce inflation to just 5 percent a year from more than 20 percent five years ago. But it has failed to stop the rise of unemployment currently about 13 percent of the work force, up from 10 percent a year ago.

Neil Kinnock, leader of the Labor Party, conceded that much work had gone into preparing the budget. "The problem," he said, "is it's highly unlikely that a lot of it will come out of it."

Economists at the stock brokers of James Capel & Co., Hoare, Lee Ltd. and Capel & Co. Myers said that they still expected further unemployment this year.

Mr. Lawson forecast that the army's public-sector borrowing requirement, a measure of the budget deficit at both the national and local level, would total £7 billion, or compares with the current £10.5 billion, which is £2.5 billion above the initial forecast, largely because of costs arising in the 12-month coal strike that ended this month.

In an apparent effort to give the

new figures credibility, Mr. Lawson added substantially to contingency reserves for spending above budget. That reduced his scope for tax cuts to £750 million from the £1.5 billion predicted last autumn.

On National Insurance, Mr.

Lawson announced what he described as "radical reform."

The government plans to increase the amount companies contribute to cover workers earning more than £265 a week and reduce the amounts companies put in for those earning less than £130 a week. Lower-paid workers and self-employed people will be required to contribute less themselves.

Mr. Lawson argued that the shift, reducing government revenue by £450 million a year, "will encourage employers to take on the young and the unskilled." For an employer, the overall cost of hiring a worker at £90 a week would fall by £3.

To give employers more flexibility in hiring and firing, the government intends to extend to two years from one the amount of time workers need to hold a job before gaining the right to complain to an industrial tribunal that they have been unfairly dismissed.

Mr. Lawson said that the pay threshold at which workers must start paying income tax would rise about twice as much as needed to reflect inflation. Thus, a single person would not pay tax on the first £2,205 of income.

Mr. Lawson also modified other taxes, notably those on capital gains. He abolished a tax on land development and certain "stamp duties" on legal transactions and gifts.

Overall, Mr. Lawson was much less bold than a year ago, when he announced cuts in corporate tax and reductions in tax relief on capital spending. Analysts ascribed his caution to fears that major changes would offend too many Conservative Party backers and threaten the Conservative Party.

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Language Gap Grows For American Blacks

By William K. Stevens

New York Times Service

PHILADELPHIA — Contrary to expectations, the English spoken by many black Americans is becoming more different from standard English rather than more like it, a study by linguists at the University of Pennsylvania suggests.

The "black English vernacular" of urban America, say the linguists, is evolving in its own direction despite earlier predictions that television, radio and the movies would exert a homogenizing influence on language in the United States.

The black vernacular, a recent study has concluded, appears to be steadily diverging not only from standard English as spoken, for example, by radio and television announcers, but also from local and regional white dialects. These dialects, the linguists, are themselves evolving in a direction separate from both the black vernacular and the American standard.

The development reflects increasing racial segregation and isolation of urban blacks, according to Dr. William Labov, a professor of linguistics at the University of Pennsylvania, who directed the study. He said he study suggested that ordinary communication between whites and blacks was becoming increasingly difficult and that the problems of many black children in school might be worsening.

There is evidence that, far from getting more similar, the black vernacular is going its way," Dr. Labov said. "It's healthy, living form of language. But separate development is only made possible by separate living."

His assessment is based on a six-year study, supported by the National Science Foundation, in which hundreds of related conversations of several hundred Philadelphia blacks and whites were analyzed in detail.

The results of our analyses

show that the primary linguistic influences are from those kinds of relationships that make a difference in your life chances," such as those involving an employer, supervisor or co-worker.

The researchers expected to find more contact between blacks and whites than they did, Dr. Labov said. Many black children in Philadelphia almost never talk to a white person before the age of 6, when they enter school, he said.

But here and in other cities,

Dr. Labov said, there are many exceptions to the pattern.

Millions of blacks speak standard English, and many more speak standard English than the black vernacular and white dialects,

shifting from one to the other depending on the setting.

As the black middle-class

grows and expands, Dr. Labov said, a higher proportion of blacks speak standard English. But because the black population as a whole continues to grow at a high rate, he said, the absolute number of speakers of the black vernacular has also increased.

Moreover, he said, most black Philadelphians, like urban blacks elsewhere, live in increasingly segregated neighborhoods, as numerous studies have shown.

"The language is reflecting that picture," Dr. Labov said.

"The blacks' own grammar,

which is very rich and complicated, is developing its own way. It looks as if all kinds of new things are happening in black grammar."

He said the proof of this was not ironclad, but was nevertheless strong and convincing.

Many of the characteristics of the black vernacular have long been familiar. Among them are the substitution of "a" for "an" before a vowel, as in "a apple;" the Southern pronunciation of "fine" as something close to "fahn;" the dropping of certain end consonants, as in "ma" for "man" and "firs" for "first;" the use of "he work" for "he works;" "he here" for "he's here;" and "my brother's house" for "my brother's house."

Dr. Labov said that it ap-

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Iraqi troops walk among Iranian dead in the marshy region of southeastern Iraq, near the Iranian border.

Dutch, Reacting to U.S. Fears, Act Against Child Pornography

By Joseph Fitchett

International Herald Tribune

AMSTERDAM — Responding to U.S. concern about child pornography and related child abuse, the Dutch government has begun a crackdown on traffickers who have made Amsterdam the major source for international supplies of such material.

The material includes videotapes and illustrated books that show preteen children performing sexual acts, often involving sadism with partners of both sexes, with adults and even with animals.

"Amsterdam is sort of the 1984 version of Sodom and Gomorrah," the U.S. Customs Service commissioner, William von Raab, told a Senate committee last fall in testimony about how to curtail imports of child pornography.

After U.S. legislation was passed last spring banning the sale and distribution of such material, a felony carrying jail sentences of up to 10 years. In pursuing possible cases, police may seek permission to use wiretapping and other techniques for investigations of such matters as drug trafficking and organized crime.

Mrs. Faber said that even if the new Dutch law would make it a crime even to mail child pornography, offenders could be sentenced to three months' imprisonment, a fine of 10,000 guilders (\$2,500) and confiscation of any property associated with the law.

However, there was skepticism

about the effectiveness of the legislation among some law enforcement agents, both U.S. and Dutch.

They cited the following concerns:

■ Amsterdam's vice squad, which has budgetary restraints like all Dutch public services, has voiced doubts that it will get enough funds to enforce the law.

■ An initial attempt to intimidate local dealers has been conspicuously ineffective.

■ All outgoing mail, even bulk deliveries, will remain immune from being opened for postal inspection. In the United States bulk mail may be inspected.

■ In the Netherlands "and elsewhere in Europe, we will only ban pictures of children performing sexual acts." Mrs. Faber said. The new U.S. code outlaws even pictures of nude children in still poses.

■ The age of consent for posing for such pictures is 18 in the United States, while it is 15 in most Western European countries.

On a recent night, sex shops in Amsterdam's red-light district readily produced for sale material of the sort banned in the United States; a browser was simply warned to hide the videotapes and illustrated booklets if other people approached.

Scores of items were available. The titles included "Lolita," "Bedtime Tales," "Nymph-lover," "Joy Boy," or "Baby Love — Infants and Toddlers."

■ U.S. senators are Geneva arms talks observers.

■ Mexican police served drug traffickers, according to court documents.

■ BUSINESS/FINANCE

■ The dollar dove and gold

jumped in Europe and the United States.

■ New York stock prices

soared. The Dow average

gained 21.42.

■ SPECIAL REPORT

■ Japan's glittering prosperity

masks a gap in the quality of life

compared to Western Europe.

A special report.

(Continued on Page 2, Col. 7)

■ INSIDE

■ A Dutchman has offered his

farm to the Soviet Union as a

missile site.

■ R.F. Botha clashed with Bishop Tutu in a debate.

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Christian Threat to Moslems In Sidon Prompts Exodus

By William Claiborne
Washington Post Service

BEIRUT — More than 20,000 Moslem residents, about 90 percent of the population, fled the eastern suburbs of the southern Lebanese city of Sidon Tuesday as Moslem gunmen and Christian militiamen fought battles in the first serious outbreak of sectarian violence since Israeli troops withdrew from the region on Feb. 16.

Units of the regular Lebanese Army tried to intervene in the fighting and became drawn into the mortar and machine-gun battle, resulting in two soldiers killed and nine wounded, an army communiqué said.

The rightist Christian militia, the Lebanese Forces, which has rebelled against the Phalange Party leadership dominated by President Amin Gemayel, brought in reinforcements to the predominantly Moslem suburbs and gave the residents a two-hour ultimatum to leave.

The mostly Sunni Moslem vil-

lages are located in the Awali river valley, just east of Sidon and adjacent to a number of Christian villages in the foothills that rise toward Kfar Falouq and Jezzine to the east.

The Christian militia reinforcements came mostly from the Jezzine area, which is still under Israeli control, and Moslem leaders immediately branded their attacks as an attempt to split the region on sectarian grounds and relieve the Israeli Army of pressure from Shiite Moslem guerrillas.

The Sidon area commander of Amal, the Shiite guerrilla group, Mahmoud Faghih said, "We are sure this flare-up was strictly a local matter and not connected with the militia's rebellion against Mr. Gemayel. The rebellious militia lead-

ers have accused Mr. Gemayel of encouraging Syrian influence in Lebanese political affairs.

A photographer for the Reuters news agency, Jack Dabbaghian, said that only Moslem gunmen, mostly from Amal, appeared to be returning fire at the Christian militiamen, who were shooting at army posts from suburban rooftops.

As thousands of refugees, heading the Christian militia's ultimatum, fled toward the center of Sidon, most of the port city was shut down, with schools and other public buildings being hastily converted into refugee centers as they were when both Christian and Druze civilians poured into the city during the Chouf Mountain battles in September 1983.

As the battles outside Sidon continued, the Lebanese "national unity" cabinet canceled a scheduled meeting in Beirut in which it had planned to discuss the weekend revolt by the Lebanese Forces led by Samir Geagea.

Government officials said that Mr. Gemayel would travel to Damascus soon to discuss the political crisis with the Syrian president, Hafez al-Assad, who has deployed troops near the northern edge of the Christian areas south of Tripoli in an apparent attempt to intimidate the Christian militia leaders.

Spokesmen for the Lebanese Forces in Beirut Tuesday night said the flare-up was strictly a local matter and not connected with the militia's rebellion against Mr. Gemayel. The rebellious militia lead-



A Moslem gunman of the Shiite Amal movement fighting Christian militia in Sidon took cover in a clash Tuesday.

Parliament In Belgium Expected to Back Missiles

The Associated Press

BRUSSELS — The threat of a parliamentary vote against the government's decision to deploy cruise missiles faded Tuesday as a key opponent in the party of Prime Minister Wilfried Martens said that he would support the Belgian leader, sources reported.

Mr. Martens said on television Tuesday night, "There will be a vote, and I'm certain it will be a yes vote, a vote of confirmation" of his decision last Friday to deploy the missiles.

The final vote was not expected until early Wednesday. Twenty parliamentarians were scheduled to speak on the question.

The most outspoken opponent, Mr. Martens' own floor leader, Luc Van Den Brande, "has aligned his view with that of the party," sources said just before the debate began. They added that he would read a personal statement to explain his about-face.

Sources in Mr. Martens' Flemish-speaking Christian Social Party said "two dissidents at the most" were left to oppose the government, reducing a threat that the government might fall.

Mr. Martens heads a four-party coalition that includes Flemish and French-speaking factions. His coalition partners the French-speaking Christian Social Party, the Liberal Reform Party and the Freedom and Progress Party, said they will back the deployment of the missiles.

To bolster its majority of seven seats among the 212 in the lower house, the government called back two ministers from abroad when half a dozen party dissidents appeared ready to dislodge the four-year coalition.

In recent weeks, Mr. Van Den Brande had mobilized about six colleagues, all belonging to the party's left-wing, against deployment.

Small conservative parties outside the coalition, representing a handful of seats, were also expected to back Mr. Martens.

The first 16 of the 48 missiles due to be stationed at Floreffe air base, about 40 miles (about 64 kilometers) south of here, arrived hours after his announcement Friday.

On Sunday more than 100,000 opponents of the missiles rallied in Brussels.

Belgium to Kill 10,000 Pigs

The Associated Press

BRUSSELS — The Agriculture Ministry said Tuesday it has ordered at least 10,000 pigs to be destroyed to combat an outbreak of African swine pest in Belgium.

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AMERICAN TOPICS

Phones and Banks: 'Lifelines' for Poor?

Deregulation and changing technology have brought on spiraling rates for bank and telephone services. The cost of both to consumers is expected to double or triple by the end of the decade, according to The Washington Post.

This has led consumer groups to urge that poor and elderly Americans be given the same kind of "lifeline" services for banks and phones that are now provided by public utilities, which have taken steps to see that people with low incomes continue to get heat and electricity in cold weather.

Many banks and telephone companies have moved to ease the burden, with an eye to heating lawmakers to the punch. Some critics, conceding that heat and light are necessities, argue that phones and bank accounts are not, and are concerned that declaring them necessities could lead to such "lifelines" forever multiplying.

Consumer spokesmen say that in today's society, banks and telephones are a necessity, not a convenience. But Kirk G. Wilson of the American Bankers Association says, "We hate the term 'lifeline.' Banking is not a life-and-death situation as a utility service might be."

Keeping the 'Higher' in Higher Education

Jacques Barzun, author and critic, wrote a letter to The New York Times deplored the belief that higher education is "everybody's taste and within everybody's aptitudes. It is, in fact, cruel and unusual punishment to those who lack the native bent, the preparation or both. It is also true that high intelligence, talent and personal and social merit are found in many forums other than academic ability. They deserve



Jacques Barzun

training and recognition on their own ground.

"If this were understood, we would be rid of both the self-serving pieties of educational leaders and of foolish clichés about elitism. It is not elitist for a ballet school to weed out those with weak legs or a baseball training camp to send home those with weak arms," he said.

Short Takes

Robert Salmeron, who said the federal government hid his two teen-age children from him for almost two years while their mother was being protected as a witness in a racketeering trial, has won a \$100,000 settlement from the government. In San Francisco, Mr. Salmeron's lawyer said this was the largest settlement in a number of similar suits against the Federal Witness Protection Program.

The potato chip appears to have fought off challenges from "natural" food snacks like bran and granola bars. In 1983 the salted snack food industry, whose mainstay is the potato chip, rang up record sales of \$6.1 billion, up more than 15 percent from the previous year. "Let's

face it," says Isabel Wolf, a U.S. government nutritionist, "not many people are going to relax by eating celery and carrots."

Shorter Takes: Problems and uncertainties remain, but New York City has bounced back from the fiscal crisis of the mid-1970s, according to the New York state comptroller, Edward V. Regan. The city is running a budget surplus and is supported by an economy that is in its best shape in 25 years. . . . More selectivity by Supreme Court justices, and not Chief Justice Warren E. Burger's proposed national appeals court, would end the court's heavy case load, according to a study directed by two professors at New York University law school, both former clerks of the high court.

Washington Drinks: Peril for New Yorkers

The cocktail hour can be treacherous for New Yorkers unfamiliar with Washington. The New York Times reports. Working on the mistaken assumption that a cocktail party is a social occasion, New Yorkers invariably arrive too late, stay too long, eat too little, drink too much and, with misplaced sophistication, talk about all the wrong things: their therapists, the exotic currency market, the latest cult novel, off-Broadway play all-night sushi bar.

Robert Squier, a Democratic Party political consultant, told The Times, "If you don't realize that Washington cocktail parties are work, that you're supposed to go in frowning, ready to cut a deal, trade information or get something done, you can quickly be labeled a frivolous person."

Whereas in New York, if you go to a party and don't know the latest in restaurant, you're totally out of it."

— Compiled by ARTHUR HIGBEE

Ex-Head of EPA Demands Legal Fees

By Dale Russakoff
Washington Post Service

WASHINGTON — Anne M. Burford has asked the White House to pay \$211,000 of her legal fees, intending that Attorney General Edwin Meese 3d promised her that the Reagan administration would bear the expense if she resigned March 1983 as head of the Environmental Protection Agency.

"The agreement was oral and part of my resignation," Mrs. Burford said in an interview published

Monday in Legal Times, a trade publication. "You'd think he'd honor his word, wouldn't you?"

Mr. Meese, who in 1983 was counselor to President Ronald Reagan, refused through a spokesman to comment on Mrs. Burford's remarks. She resigned on March 9, 1983, amid a furor about alleged improprieties at the EPA.

[At the White House, Larry Speakes, the presidential spokesman, said, "The president's feeling is that it is Mrs. Burford should be compensated if it is appropriate." The Associated Press reported.]

Mrs. Burford said she thinks that her claim places Mr. Meese in a difficult position because he is seeking government reimbursement for legal fees of his own — \$720,000 incurred during a special counsel's investigation of alleged financial improprieties.

Mrs. Burford said that because the White House has not acted on her request, she plans to file a lawsuit "very soon" to try to force the administration to pay the legal fees she incurred after her resignation.



Anne M. Burford

Mrs. Burford was cited when she refused, under orders from Mr. Reagan, to turn over hundreds of documents to Congress.

Mr. Plaizer wrote a 102-page personal and political manifesto

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Y. Carter Officials Held

United Press International
NEW YORK — The manager of the Carter jewelry store were arrested today and charged with helping customers to avoid paying more in \$250,000 in New York state taxes over three years, the attorney general's office said. They were accused of having allowed customers to give out-of-state addresses to avoid the taxes.

R.F. Botha Clashes With Tutu in Televised Debate

United Press International

WASHINGTON — The South African foreign minister, R.F. Botha, clashed angrily in a televised debate with Bishop Desmond M. Tutu, who compared his government's apartheid policies with Nazism.

Mr. Botha, confronting Bishop Tutu on Monday on U.S. television, said that blacks would eventually be given a voice in all levels of government but that progress would come more quickly if other nations stayed out of the dispute.

Bishop Tutu, the first black Anglican bishop of Johannesburg and winner of the Nobel Peace Prize last year, said that since peaceful political means had been denied to

black South Africans, the black majority had no alternative but to seek international support.

"When are you going to listen to the victims and stop listening to the perpetrators of something as evil as Nazism and communism?" he asked.

He asked the world community to help end "this vicious system."

Mr. Botha spoke from Cape Town; Bishop Tutu was in Johannesburg. They were brought face-to-face by television monitors.

"To compare us with the Nazis is an insult to the more than 100,000 South Africans of Jewish origin who came to this country and to our forefathers who fought with the Allied powers against Nazi Germany," Mr. Botha replied.

Bishop Tutu condemned South Africa's pass laws under which he said 160,000 blacks were arrested last year for seeking work.

He added that the government, by uprooting 3.5 million blacks and requiring black workers to live away from their families 11 months a year, "destroys black family life deliberately."

Mr. Botha said his government realizes the "national and political aspirations of the urban black people cannot all be satisfied" through a system of semi-autonomous black nations within South Africa.

"It is particularly in respect of these that we have decided we will talk and negotiate and put together structures which will allow them to participate in decision-making, at all levels eventually," he said.

That goal can best be achieved, Mr. Botha said. "If only the outside

world can stay out of it for a bit."

He added, "If the impression is created that outsiders are making our decisions for us, then that kind of pressure tends to slow down the process of reform."

■ Die in Township Unrest

Two blacks were killed Tuesday when police fired birdshot during renewed unrest around Port Elizabeth, South Africa. Reuters quoted police as saying. This brought the death toll in five days of violence in South African black townships to nine.

Most of the unrest has taken place in townships near Port Elizabeth, where blacks held a three-day strike to protest rising prices.

■ U.S. Companies in Appeal

U.S. companies in South Africa publicly urged the government Tuesday to dismantle apartheid laws in order to head off calls in the United States for economic sanctions against the country. Reuters reported from Johannesburg.

The American Chamber of Commerce in South Africa released a document that it had presented to the authorities calling for the abandonment of discriminatory laws. It said the document had been cordially received.



Leendert Plaizer on his Dutch farm which he has proposed as a site for Soviet missiles.

Dutchman Offers Farm as SS-20 Site

The Associated Press

DRONENT, Netherlands — A Dutch farmer who wrote a political manifesto advocating nonviolence has offered the Soviet Union his land as a site for their SS-20 missiles.

Leendert Plaizer said he does not belong to any peace movement, but made the offer because he believes in balance. He said it would be safer if no missiles were deployed at all.

He added, "If these 48 rockets are deployed, and I'm sure that will happen, why not counterbalance them with the same number of Soviet missiles? A nuclear equilibrium will make our country a safer place to live in."

Mr. Plaizer, 44, said he went to the Soviet Embassy in The Hague recently to offer his 109-acre (44-hectare) plot in Dronent, a central Dutch farming community, as a deployment site.

Mr. Plaizer said Soviet officials did not make any promises but "agreed they did not like the nuclear buildup either."

He said he would not mind giving up the crops of beets, wheat and potatoes he now grows on the land.

"Yes, it's my bread and butter now," he said. "But I'm not concerned about myself. It's future generations that count."

Mr. Plaizer said he told Prime Minister Ruud Lubbers and the Dronent town council of his offer to the Russians by mail earlier this month. He said Mr. Lubbers sent him a "noncommittal response" and that the council had not replied.

Mr. Plaizer wrote a 102-page personal and political manifesto

called "A Testament," last year after the death of his wife, Ely. It was printed privately. In it, he wrote that mankind's most important problems were the threat of war, poverty and famine.

The Dutch government decided last June that it would take the 48 cruise missiles if the Russians deployed any more SS-20s by next November, but would deploy none if the number of Soviet missiles had not increased.

NATO plans to put the new medium-range missiles on the Dutch Air Force base at Woensdrecht as part of its deployment of 572 cruise

and Pershing-2 missiles to counter the SS-20s the Soviet Union already has in place.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Prepare the Summit Now

As industrial countries move into the northern spring, they touch up the arrangements for their economic summit. Proposals await from the word processors of the seven governments primarily involved. Even the smaller countries have some say — in the OECD — before the big seven withdraw into the spotlit intimacy of the summit.

Recent summits have produced little beyond pageantry and the drafting of communiques whose lead content endangers the brain. When the seven meet in Bonn in six weeks' time, they could change this record by mapping out selective action instead of containing themselves with eternal verities.

Each country wants something different from the summit. This is the only point in holding it. Limiting their objectives this year, the seven governments could draw up a selective action program that history might cite as an example of how sovereign countries can help each other to help themselves. There is room for a deal that would benefit the whole non-Communist world.

America's contribution would be to ensure through a change of course by President Reagan, that the budget deficit will be reduced, thus clearing the way for an orderly fall in interest rates and the dollar.

Japan and West Germany, whose price performance is as good as America's, would guarantee action to revive demand to replace the stimulus provided by the overvalued dollar. Bonn may already be thinking in this direction, but Tokyo seems reticent. Britain's contribution might be a pledge to follow up the present budget changes if recovery proves disappointing. In all three cases it has to be realized that if economic disfigurations — unemployment in Britain

and West Germany and a huge trade surplus in Japan — are to be corrected, growth will temporarily need to be faster than the rate appropriate over the longer run.

For France and Italy the contribution should be very different. It would make no sense for either to stimulate demand, because that would put at risk the progress — still insufficient, and particularly fragile in Italy — toward price stability. But both governments ought to come out of the corner and show more positive support for a new GATT round of free trade negotiations.

And all seven governments should commit themselves to early action — without waiting for the inevitable laborious GATT processes — to roll back the special barriers to trade that the United States and Europe have erected in recent years and that have long discolored the Japanese image.

The keystone to a triumphal arch in Bonn will be American action on the budget. Without it, nothing will be built. But it will not be enough for Mr. Reagan simply to assert determination to get his proposals through Congress. No one believes that he can persuade Congress to adopt his present request. To convince his friends at the summit, he will have to soften his uncompromising stance on the pattern of spending cuts and, if necessary, on taxes. He cannot do this at the summit itself because the budget is primordially a domestic American affair. Unlike Henry IV, he cannot travel to Canossa, or Bonn, to surrender to the Church. So he should start compromising in Washington now. He does not have much time to make a convincing gesture, but if he does not, we doubt if the says will rise this spring.

INTERNATIONAL HERALD TRIBUNE

Belgium Keeps a Promise

The Belgians, NATO members, had promised to do their alliance duty by starting to deploy their share of new missiles this month, and they have now delivered on their promise. It was not easy politically for Prime Minister Wilfried Martens but, facing elections at the end of the year, he decided to take the step well in advance and to take it in style. So he did. His announcement came last Friday, and over the weekend the first batch of 16 cruise missiles were flown in. The 16, and the 32 due to come later, will not make the difference between security and no security for Belgium and Europe. But by deploying them Belgium gives West Germany crucial political company. That is what alliance solidarity is about.

The Soviets, not by design, gave the Belgians some useful help at the end. At the Chernenko funeral the Belgian foreign minister asked his Soviet counterpart a question that, one can safely guess, he knew how the Soviet would answer. Will you unkink talks on offensive weapons from talks on defensive weapons? the Belgian asked. Linking them is, of course, the essence of the Soviet negotiating strategy. The

Belgian government was then in a position to inform its closely divided electorate that, since Moscow had left so little room for negotiations on offensive arms, Belgium had no honorable or reasonable choice but to start deploying. Any other response would have given Moscow an unremunerated political and psychological boost just as the Geneva talks were starting.

Sixteen cruise missiles: That is not very many. The Soviet Union has deployed a larger number of SS-20s — 18 — just in the last two months. The total number of triple-warhead, first-strike SS-20s trained on Europe has now climbed to 414. For more than five years Moscow has been putting Western Europe under the gun, literally. NATO started answering the Soviet deployments only last year. The governments of West Germany, Britain, Italy and Belgium have come forward, all of them at considerable political cost, but all of them finally convinced that deployment was essential in order to maintain the essential alliance qualities of combined strength and mutual obligation. Only the Dutch still lag.

— THE WASHINGTON POST.

Millions of Hot Potatoes

Earlier this month, while American physicians were performing three successive heart transplants — one of them using an unauthorized man-made pump — on a Tucson man who subsequently died, *The Wall Street Journal* ran a report on the increasing number of hospitals that are "dumping" seriously ill patients unable to pay their bills. Can this be a sensible — and moral — way for America to distribute its health resources?

Writing in the Princeton Alumni Weekly, Professor Uwe Reinhardt observes that patient dumping is a perhaps predictable progression from the traditional American way of dealing (or not dealing) with people whose budgets do not meet their medical needs. Under the old system, the costs of caring for the uninsured were shifted from pocket to pocket — first to hospitals, then to insured patients' bills, then to insurance companies and finally to employers, who pay for most insurance.

Now two things have changed. A rise in the number of poor and long-term unemployed, along with the continuing cutbacks in Medicaid programs that never covered most of the poor and near-poor anyway, has increased the number of uninsured patients. New pressure from the government and from employers to cut hospital costs has made hospitals and doctors less willing to run the risk of being stuck with uncollectable bills. So, Mr. Reinhardt

— THE WASHINGTON POST.

FROM OUR MARCH 20 PAGES, 75 AND 50 YEARS AGO

1910: America Weighs Conservation
NEW YORK — On conserving America's resources, the Washington Herald says: "Our use of our forest lands, of our coal deposits, of our natural gas and oil reservoirs is almost criminal in its wastefulness. With all our ingenuity for harnessing nature we allow the water power of the land to fall unused. Only recently have attempts been made to harness Niagara. A national introspection and the taking of an accounting with ourselves might prove beneficial to the nation." The Indianapolis News adds: "Our of the rascality of past years has given the belief that something ought to be done to protect our land, forests, water power sites and mineral deposits. The problem is correctly stated by President Taft when he says that it is 'how to save and how to utilize, how to conserve and still to develop.'"

1935: Soviets Arrest Czarist Figures
MOSCOW — More than a thousand persons, including former princes, nobles, statesmen and generals under the Czarist regime, have been arrested in Leningrad during the last few days and have been deported to eastern regions of the Soviet Union. According to an official communiqué issued on March 19 by the Commissariat for Internal Affairs, they will be held over for trial, charged with being concerned in anti-Soviet activities in favor of foreign states. The list of those arrested includes 41 former princes, 33 former counts, 76 former barons, 35 former factory owners, 68 landlords and tradesmen in big business, 142 statesmen under the Czarist regime, 547 ex-generals and other high commanding officers and 113 former police and secret service officials.

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Gorbachev to the Rescue: Big Job, Big Opportunity

By Seweryn Bialer

This is the second of two articles.

WASHINGTON — Despite the prodding of his more impatient allies, Mikhail Gorbachev's basic tactic during Konstantin Chernenko's brief tenure was to capitalize on his own youthful, energetic image while working to combine the support of former Andropov appointees and followers with that of Mr. Chernenko and many of his loyalists.

Mr. Gorbachev managed to stay in the public eye, as on his trip to Britain, while avoiding overexposure, which would have infuriated the old guard. So he decided not to go to the United States himself on the recent visit of Soviet parliamentarians, instead sending Vladimir Shcherbitsky, a Politburo member and the Ukrainian party boss.

Last year, when Mr. Chernenko dropped out of most official activities, Mr. Gorbachev became in fact, if not in title, the second secretary of the Central Committee. He routinely began to chair meetings of the secretary of the Central Committee, and he organized the work of the other secretaries.

Mr. Chernenko's parage proved decisive. He established important precedents in the early stages of his illness by opening the meetings of the Politburo and then turning over the chair to Mr. Gorbachev — against the wishes of old guard figures such as Andrei Gromyko, Nikolai Tikhonov and the Moscow party boss, Viktor Grishin. There is evidence that in the last few months Mr. Gorbachev became, effectively, the official chairman of the Politburo. There are also reasons to believe that he chaired meetings of the

military council, the highest party-military body, which prepares decisions on security matters for Politburo approval.

Defense Minister Dmitri Ustinov would have been a crucial actor in the succession drama; little is known for certain about his view of Mr. Gorbachev. There were rumors in Moscow after Mr. Ustinov's death in December that he had thrown his support behind Mr. Gorbachev, both because he became friendly with Mr. Gorbachev in the few months before his death from cancer, which Mr. Ustinov knew was coming.

There are signs that after Mr. Ustinov's death it was not the party secretary in charge of military industry, Grigori Romanov, who became responsible in the Politburo for military affairs, but Mr. Gorbachev himself, as de facto chairman of the military council.

These positions are of strategic importance by themselves. Add Mr. Gorbachev's youth and tactical skill and the expectation that he will be in office for many years, and we can anticipate a virtual rush of other state and party officials to proclaim their loyalty to the new leader and the support of his plans.

But the opportunistic new loyalists who will flock to his standard will give Mr. Gorbachev the opportunity to add people loyal to him to this most important body.

Second, he can now consider a meeting of the Central Committee of the Communist Party that has been delayed a number of times and is overdue. At a plenum he can present his initial policy ideas and can make the necessary personnel changes at the top.

Third, the leadership decided some time ago to draft a new party program replacing the one adopted at the 1962 party congress under Nikita Khrushchev. Mr. Gorbachev inherits responsibility for the development of this plan and can introduce his own ideas.

Fourth and most important, a new party congress is due late this year or early next. His "own" congress gives Mr. Gorbachev the unparalleled chance to proclaim his long-range plans for domestic reforms to the party and the nation, and allows him to "clean out the stables" by making major personnel changes throughout state and party bureaucracies.

Even as he consolidates power, Mr. Gorbachev will have to operate for a long while within the context of collective and oligarchic decision making established in the Brezhnev era. The extent of his freedom of action will depend on his ability to surround himself with leaders who will be responsive and loyal.

I expect Mr. Gorbachev's model approach to Mr. Andropov, the leader whose promise of change was cut short by death. An activist attitude to the ills of Russia will require willpower, political and manipulative talent, consistency and a broad vision.

The right leader at the right time can make a major difference. Mr. Gorbachev's accession could represent the reassertion of Soviet power in the world, the determination to attack domestic malaise and to deal more successfully with foreign and military problems. The Soviet people may now discover their country's capacity for dealing with the many grave problems it faces.

The writer is a professor of political science at Columbia University and a frequent visitor to the Soviet Union. This comment is excerpted from an article in *The Washington Post*.

Israel in Lebanon: America's Interests Were Beside the Point

By Philip Geyelin

WASHINGTON — Shiite terrorists kill Israeli occupiers of southern Lebanon. Israel strikes back with operation "Iron Fist." The United States vetoes a United Nations resolution exclusively condemning Israel. The Shiites vow vengeance against America, whose diplomats hunker down behind barricades or retreat to safe havens. Anti-Americanism is inflamed. U.S. influence in a strategic region is diminished.

There are crazy and/or uncontrollable elements in all this — the terrorists, for one, and the viciously anti-Israeli UN majority, for another. But

I am not talking about any strong-arm pressures or some U.S. right to dictate Israeli policy, bought and paid for by annual military and economic aid measured in the billions. I am talking about a partnership that is skewed in exactly the opposite way: an almost reflexive American sub-mission to Israeli policies.

The all-too-common consequence has been to compromise whatever role America can play in the Arab world in the interests of bringing stability and security to a vital region. That has been the story of the Lebanese experience from the start.

In 1981, U.S. special envoys had removed the direct threat to Israel from the forces of the Palestine Liberation Organization in southern Lebanon by negotiating a cease-fire across the Lebanon-Israeli northern frontier. For 11 months the cease-fire

was a success on its own terms. No shells from Lebanon were falling on towns in Galilee when the Israelis seized on the pretext of an assassination attempt on their ambassador in London (by an extremist group that had broken off in opposition to the PLO) to break the cease-fire.

By its tacit approval of the invasion, the United States became an accomplice. Worse, the Reagan administration indulged the Israeli myth that the Lebanese hump-dump of 1982 could be put back together just the way it was when the French decolonized Lebanon in 1943 and arranged for a predominantly Christian government friendly to Israel and to the West. It was as if nobody had noticed a fundamental demographic shift in favor of the Lebanese Moslem elements in general and the Shiites in particular.

The folly was compounded when Secretary of State George Shultz helped forge the Israeli withdrawal to simulate simultaneous withdrawal of Syrian forces. The Israelis extracted a passage that gave it the look of a normalization of relations, if not a peace treaty. This was no part of Syria's understanding. Neither were the concessions granting Israel a degree of influence over southern Lebanon, this mocked the full sovereignty for Lebanon that was supposed to be the larger purpose of U.S. policy. So the Syrians had no trouble getting the Lebanese to abrogate the agreement.

Meantime, having run most PLO fighting forces out of Lebanon, Israel created a whole new enemy in the Shiites, seething under Israeli occupation in southern Lebanon. Prime Minister Shimon Peres told last fall, while he was in Washington,

of his concern that Israeli occupation of Syria's territory was playing into the hands of radical elements in a way that could only incite extremism and terrorism. So Israel has long known the need to withdraw. The four Israeli soldiers killed by terrorists March 10 were a harsh reminder.

True, any way that Israel withdraws — swiftly or slowly — leaves behind a bad scene. But if longer Israel tries to pacify southern Lebanon with an "iron fist," it greater the odds of an even worse scene and even more damage to be American and Israeli interests.

An administration with a progressive sense of U.S. superpower responsibility in the Middle East would make that argument forcefully, its Israeli partner. It would, that is, were this a partnership in which both parties had the habit of taking each other's interests into account.

Washington Post Writers Group

GETTING IN
BY PHILIP GEYELIN

the Israeli policy to lash back and to drag out its withdrawal from Lebanon is controllable. And that policy's effect on the ability of the United States to maintain an effective presence and protect its wider interest in the Middle East is inescapable.

The question comes down, then, to whether the Israelis would not be wise to cut their losses and to — in their interest as well as America's.

The Israeli decision to abandon a bankrupt mission has been made. But the Israelis insist that to accelerate withdrawal in the face of stepped up terrorist attacks would be to reward and encourage terrorism.

The argument has a familiar, hollow ring when you remember that it was made by the Reagan administration just before it decided to cut its losses and remove the marines to ships offshore. What was prudent for the Americans a year ago would be no less prudent for the Israelis today. But if that is the counsel that the Reagan administration is giving Israel now, there is little evidence that the Israelis are listening.

Thus do the recent events in Lebanon demonstrate in a small way what the whole fiasco of the Israeli invasion and Israel's whole post-Camp David performance in the Arab-Israeli peace process demonstrate in a large way: There is a "special" U.S.-Israeli relationship deeply rooted in a moral U.S. commitment to the security of the Jewish state, but there is no U.S.-Israeli partnership in any true sense of the word. With rare exceptions over the years, there has been a grim consequence of that act, menacing the present and shadowing the future. The war in Lebanon can already be seen as one of the worst disasters in Israel's brief modern history — a self-inflicted disaster.

The Vietnam analogy, in its inexactness, indicates the extent of the danger. However severe the trauma in Vietnam, the United States was 10,000 miles away when the war ended. Israel, after withdrawing from Lebanon, will still have to live with the Lebanese as neighbors: neighbors transformed in large numbers from passivity to violent hostility.

The greatest single consequence of the Israeli invasion and occupation has been the arousal of the Shiites, the dominant population group in the south. In all the years after 1948 the Shiites had no particular quarrel with Israel. By 1982 they had become resentful of the Palestinian guerrillas stationed in southern Lebanon, and many Shiite villages welcomed the Israeli invaders with flowers.

Now the Israeli occupation forces and the Shiites are locked in a murderous cycle of violence, with guerrilla killings followed by the smashing of Shiite villages. Religious fundamentalism is flourishing. The radical Hezbollah, or Party of God, has signs right on the Israeli border. Israel must fear that, after withdrawal is completed, its northern villages will face a far more serious threat from Shiite guns and rockets than they ever did from the PLO.

That Israel brought such a danger upon itself is hard to understand. There are many Israelis knowledgeable about and sensitive to Shiite

Moslem traditions. But the occupying army displayed much insensitivity, even disrupting Shiite religious institutions. And instead of making security arrangements with the Shiites, government relied on the largel: Christian South Lebanese Army, which is now disintegrating.

How could it be attributed to hubris — the overreaching pride that affected the whole operation?

The invasion's stated purpose was to remove PLO guerrillas from southern Lebanon. But General Sharon, a man of great personal ambition, had a broader agenda. He engaged the Syrian army, intending to end Syrian influence in Lebanon. He planned to install in Beirut a Christian Phalange regime closely tied to Israel.

Those strategic aims were built on fantasy. And their pursuit proved disastrous. Ze'ev Schiff, the respected military correspondent of the Tel Aviv newspaper Ha'aretz, summed up the results of the war as follows:

"Israel and the Lebanese Christians have been weakened. Syria has been strengthened, and Lebanon has become more Arab than it ever was."

LETTERS TO THE EDITOR

About the Palestinians

Regarding "A Palestinian Answer to a Fundamental Question" (March 9):

In condemning Israel, Mohammad Tarbush overlooks two points.

Whatever the causes and future of the Arab refugee problem, is there any reason why those refugees should be kept in abject poverty among people claiming to be their brothers? Why can they not be given decent living standards pending a future settlement? The answer is simple: It is because their Arab hosts wish to keep the refugee problem as a hot political issue for their own ends.

Second, the assertion that Israel has "rechristened" Palestinian culture

is nonsense. The Israelis, it seems, can do no right. If they eat gefilte fish, they are importing alien culture. If they eat falaf

Paris Changes: Chinatown-sur-Seine and Zircons at the Louvre

By John Vinocur
New York Times Service

PARIS — If President François Mitterrand wants to put a glass pyramid in the middle of the Louvre's courtyard — François's zircon, the opposition calls it — Committees of the Indignant form to fumigate and cry abomination. No one has the right to change Paris, the protesters say, and argue that the city is the harmony of all mankind.

But Paris changes anyway, too basically, too intently for petitions or protest campaigns. Real life in Paris, the waiting-for-a-bus kind of existence, moves in its own, without manifestos or injunctions to stop.

The city's census is out, and it seems to show Paris hanging the way many cities in the United States did 0 and 30 years ago: fewer couples, fewer families, more rich people, more old people, more people, especially women, living alone. The Paris region's population is 8.7 million, but the size of the city itself is declining. The city population is 2,176,652, according to the latest figures, a drop of 700,000 over 20 years.

In the same two decades the number of workers living in Paris declined by half, so that now there are more executives here than people making a living with their hands. The French are disappearing, too. The

French have dwindled by 30 percent and the population of foreigners has increased by 62 percent.

In a way, the changing city knows itself less well. The National Institute of Statistics and Economic Studies hired students from the School of Oriental Languages to help conduct the census in areas where

REPORTER'S NOTEBOOK

the Asian population is large. In one neighborhood, the students came back with the figure of 9,000. The police, connoisseurs of the real city, laughed. The right number, they said, was 25,000.

The headline writers call the place Paris-on-the-Mekong and Chinatown-sur-Seine now, but the truth looks plainer: a bunch of apartment buildings and some signs in Chinese at a frayed edge of the city, postmark Paris 13.

Picturesque it isn't. Ten years of immigration have left thousands of refugees from Indochina living in the neighborhood's concrete mediocrity. Visually at least, the 13th arrondissement, short on romance or squalor, has less to do with Saiton than Mott Street in New York City has to do with Shanghai.

It is a part of Paris that has changed radically in a decade without too many Parisians taking notice.

But these days the neighborhood has a mystery, a quadruple slaying.

Two weeks ago, someone killed Try Meng Huot, a Cambodian of Chinese origin, and three family members and friends in his 24th-floor apartment in a building called the Tokyo Tower. The police said that the killer or killers daubed a wall with the inscription, in French, "The survivors of Khmer genocide."

Mr. Try, according to a writer on the Khmer Rouge, was once an official of a Cambodian "re-education camp."

If the account is correct, Mr. Try, in time, fell into disfavor and eventually escaped to Thailand. With unexplained help from friends in France, where he had studied, Mr. Try reached Paris.

Then, the account goes, through the assistance of a Socialist member of the National Assembly — and despite a reportedly unfavorable recommendation from the French counterintelligence service — Mr. Try became a French citizen and moved into the Tokyo Tower. The killing followed.

The police say that the political lead could be a false one and that the real explanation for the killings could be drug trafficking, a ring dealing in phony bills, or payoffs in the clandestine sweepstakes behind the dull facades of the 13th.

"The cops don't have a clue," said Pierre, a barber who lives in the 13th. "Who's dead, anyway? They don't know. There are never any deaths declared in the

local records office. They live forever in the 13th. Maybe they eat yogurt, like those Russians who are 135. The truth is that somebody dies, and somebody's there the next day with their papers. It's Chinatown."

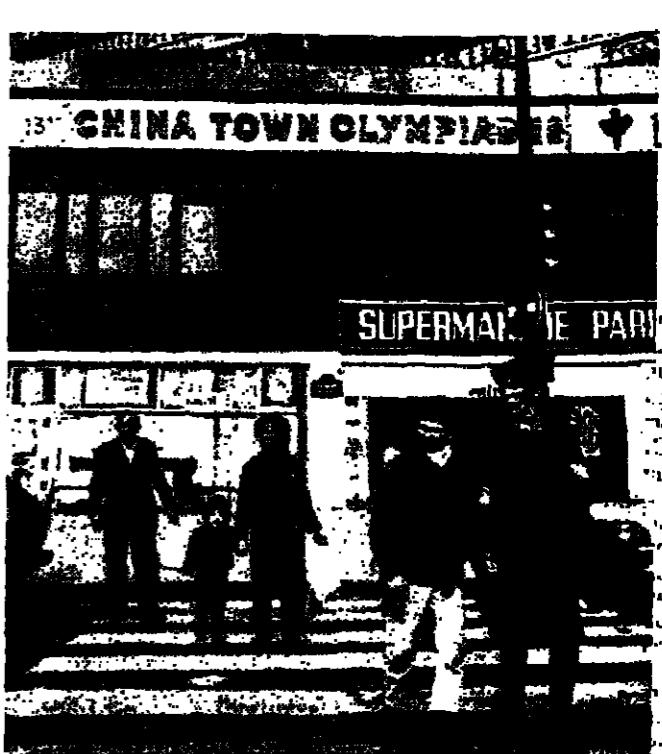
The investigation is proceeding normally, a police inspector said. As for the way of death of the Asian population, the prosecuting attorney's office began an inquiry last year; the results are still to come.

□

The changes that Mr. Mitterrand has in mind for the Louvre are on display in a scale model in a room in the Orangerie in the Tuilleries Gardens. The mock-up's scale is such that the pyramid that I.M. Pei designed to house the entrance to the Louvre in the Cour Napoléon looks like a small diamond, or a zircon.

The forces against change, who say the Louvre needs to be renovated but not snuffed with a stone shop, that looks like it comes from a Métro station junk shop, got their troops together last week, with one group calling itself SOS Paris.

Michel Guy, a former secretary of state for culture, seems to be holding the marshal's baton and the tactics look like those of a harassment campaign. Although they don't say so directly, the groups seem to think that if the Louvre loses next year, in legislative elections, then the Louvre project, which was started by presidential order, can be stopped, even though Mr. Mitterrand's term runs till 1988.



The New York Times
A street crossing in the 13th arrondissement in Paris.

Mexico Police Served Drug Traffickers, Records Say

By Juan M. Vasquez
Los Angeles Times Service

MEXICO CITY — Members of the judicial police force in the state of Jalisco functioned as a private army for narcotics traffickers in Guadalajara, performing personal errands and acting as bodyguards for drug dealers, according to court documents.

The signed declarations of seven suspects in the kidnapping and subsequent murder of a U.S. narcotics agent, Enrique Camarena Salazar, were made public Monday. They stated that Guadalajara's most notorious drug dealers were, in effect, the real bosses of the state police.

One suspect, Gerardo Ramón Torres Lepe, 23, told federal investigators that he was one of five men who abducted Mr. Camarena on Feb. 7, just outside the U.S. Consulate in Guadalajara.

Mr. Torres Lepe is one of six members of the state judicial police who have been arrested in connection with Mr. Camarena's death; the other suspect is a former member of the state police.

All seven made what investigators described as incriminating statements during interrogations, but recanted when they appeared or arraigned Sunday before a federal magistrate, Gonzalo Balderas Tena. They said they had been tortured.

Six other men were arrested originally, but one died of acute hemorrhaging of the pancreas, another is being turned over to the state police in connection with another crime, and four were released for lack of evidence.

Judge Ballesteros said that the men being held were charged with the "global crime" — that is, the kidnapping and murder of Mr. Camarena and a Mexican pilot, Alfredo Zavala Ayarza, who sometimes worked with Mr. Camarena. Under Mexican law, the judge must decide by Tuesday night whether to hold the men for trial or release them.

Only Mr. Torres Lepe admitted participation in the actual abduction of Mr. Camarena.

The state judicial police appeared to be virtually at the beck and call of the gangsters. Officers are frequently summoned to accompany drug dealers on trips, to act as bodyguards or simply to wait around in case they were needed.

The statements of the suspects all of frequent parties, sometimes for two days, in which they and their policemen acted as bodyguards and bouncers for the narcotics figures.

In some cases, they were paid up \$400 for a night's work. Several times, they said that the police commander who died while under investigation, Gabriel González, was paid 1.5 million pesos (about \$6,250) by Mr. Caro Quintero and others each month.



ON TRIAL — The British playwright, Harold Pinter, left, and the American playwright, Arthur Miller, third from left, attending the military trial of members of the Turkish Peace Association in Istanbul. The pacifists are accused of aiming to overthrow the constitutional order and bring a Communist dictatorship to Turkey. The playwrights are on a fact-finding visit. Between them is the U.S. political consul, James W. Swigert.

U.S. Senators Join Geneva Arms Talks

The Aim: Bipartisan Support for Any Accord with Soviet

By William Drozdiak
Washington Post Service

GENEVA — The team of U.S. negotiators had just put aside papers, pencils and briefing books after conducting their final brain-storming session on the eve of the first detailed nuclear arms talks between the superpowers in 15 months.

Max M. Kampelman, head of the U.S. delegation to the Geneva arms control talks, turned to the U.S. senators who had been watching in silence as the Americans rehearsed their strategy before the initial meeting with the Russians.

"Don't forget," he admonished them in a friendly way. "I need to have your views, to hear you guys speak out from time to time. Don't be afraid to give your own opinions."

Mr. Kampelman's remarks acknowledged the importance of perhaps the most extraordinary participants in the embryonic dialogue with the Russians on space, strategic and intermediate nuclear arms: the Senate Arms Control Observers Group.

Unlike in any previous negotiations with the Soviet Union, the Senate will be intimately involved in the current bargaining process from the start.

Bringing the Senate into the process could ensure bipartisan support for an eventual agreement, observers say, or it could unleash conflicts that splinter U.S. positions and possibly jeopardize the talks.

"Our long-term objective," the senators said in a joint statement in Geneva, "is to avoid a recurrence of the problems of the 1970s, when three successive arms control treaties, signed by three presidents, were never approved for ratification by the Senate."

The 10-member group was established by a Senate resolution, passed unanimously Jan. 3, to keep the body informed of progress in

the negotiations and to offer advice to the Reagan administration.

Co-chairmen are two Republicans, Richard G. Lugar of Indiana and Ted Stevens of Alaska, and two Democrats, Sam Nunn of Georgia and Claiborne Pell of Rhode Island. Other members include Malcolm Wallop of Wyoming, John W. Warner of Virginia and Don Nickles of Oklahoma, all Republicans, and Daniel Patrick Moynihan of New York, Edward M. Kennedy of Massachusetts and Albert A. Gore Jr. of Tennessee, all Democrats.

All except Mr. Moynihan and Mr. Wallop have visited the talks and already have returned to the United States.

The Soviet Union, annoyed by the string of unratified treaties, has apparently welcomed a more prominent role by Congress.

For the Reagan administration, the benefits of linking five Republicans and five Democratic senators so closely with the destiny of the negotiations appear to outweigh the potential risks.

Politically, the administration expects to be spared much of the agony incurred by its predecessors if an arms agreement comes up for ratification. Senators from both parties presumably would be more cautious about challenging an agreement shaped along the way by respected peers.

Moreover, the administration believes it will gain more bipartisan support during the talks for such projects as the MX missile and the space-based anti-missile program known as the Strategic Defense Initiative.

One fear among U.S. delegates is that sensitive position papers or accounts of the negotiations might be leaked because of the extensive sharing of information with the Senate. The United States and the Soviet Union have agreed to a strict confidentiality rule forbidding any public disclosure of the substance of the talks.

The senators have praised the U.S. negotiating team and gone out of their way to insist they will not do anything to disrupt the work of the negotiators.

While they insist that they will not interfere with the negotiations, several senators said they would not hesitate to go to the president with "new ideas" if a deadlock develops in Geneva.

If anything, the Senate's close involvement in the current talks has aided the administration in winning over supporters for the MX missile. Both Mr. Nunn and Mr. Gore said they now planned to vote for a limited number of MX missiles.

Mr. Stevens, a staunch supporter of the MX, said he is much more optimistic about the expected vote on whether to build 21 of the 10-warhead missiles because his colleagues were more sensitive to the notion about "sending the wrong signal" to the Russians if the missiles were canceled.

Similarly, several senators said that Congress was becoming more favorably inclined toward the \$26-billion space research program over the next five years because of the strong recognition that the prospect of the Strategic Defense Initiative brought Moscow back to the negotiating table.

But at some point in the talks, the senators said, the administration would have to consider dispensing with a space-based defense program if that would entice the Soviet Union to accept radical reductions in offensive nuclear weapons.

U.S. and Soviet Hold 3d Session in Geneva

The Associated Press

GENEVA — U.S. and Soviet arms control negotiators met Tuesday for more than two and a half hours, their longest meeting on substantive issues since the talks resumed a week ago.

A U.S. spokesman described Tuesday's meeting as a full-scale session involving 21 negotiators from each side.

The spokesman said he could not comment on the meeting's agenda because of a confidentiality rule agreed to by both sides.

Max M. Kampelman, the chief U.S. negotiator, waved as he left the Soviet mission with his fellow U.S. negotiators, John G. Tower and Michael W. Glitman for medium-range weapons.

The Soviet Union broke off those talks in December 1983, when NATO began deploying U.S. Pershing-2 and cruise missiles in Western Europe to counter the Soviet buildup of triple-warhead SS-20 rockets.

Despite the display of U.S. hardware, there are apprehensions about potential problems arising from the unprecedented involvement of Congress in what are viewed as the most complex and delicate negotiations ever undertaken with the Soviet Union.

The senators plan to keep one or two members in Geneva to follow the talks as closely as possible. In addition, they want to be kept informed of private contacts, which provide a chance to drop overtures beyond the formal realm of the bargaining table.

In Geneva, the senators will attend staff meetings, receive briefings from Mr. Kampelman and perhaps join in negotiating sessions as official U.S. observers. They have office space and a budget of \$500,000. In Washington, the senators will have access to all cable traffic to help them stay abreast of the talks.

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IMF Prods Israel On Budget Cuts

By David W. Rohr
Associated Press

JERUSALEM — The International Monetary Fund has urged the Israeli government to double its budget cuts, allow unemployment to rise and make it illegal to print too much money.

In a preliminary annual report given Monday to the Bank of Israel, the IMF spoke of some encouraging trends in the past year, such as a decline in consumption, an improved trade balance and higher exports. But it said that major problems remain.

The study, issued by an IMF group that did a two-week study, expressed deep concern at Israel's inflation rate, which is now around 400 percent a year, and at recent large outflows of short-term capital. It also called for a budget cut of \$1 billion in addition to the government's \$1.1-billion cut from its \$23-billion budget for 1985-86.

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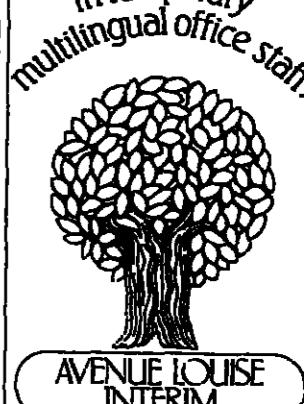
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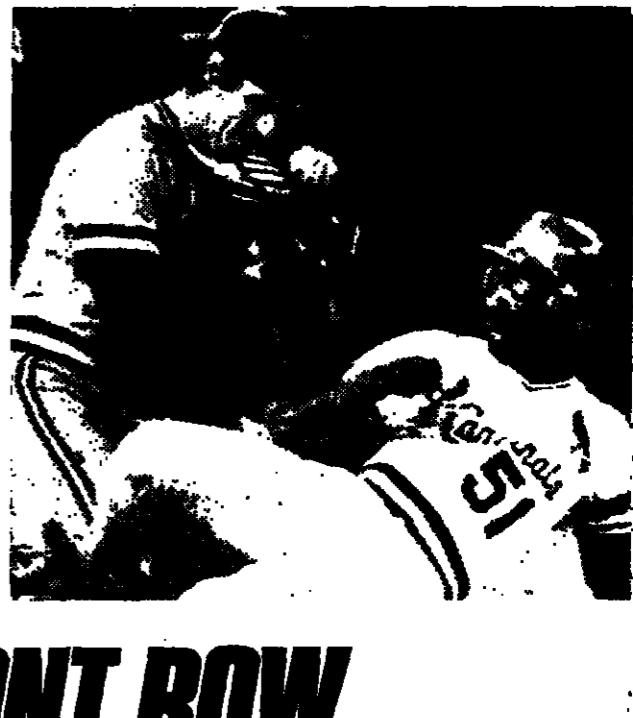
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INSIGHTS

Talents of Entrepreneurs Often Threaten the Businesses They Create

By Paul Richter

Los Angeles Times Service

NEW YORK—Hard-charging Charles L. Peddle, who had the go-get-'em to launch five businesses and the vision to inspire hundreds of employees, loves the grand gesture.

He once whisked senior staff and dealers of his Victor Technologies Inc. by chartered jet from a trade show in West Germany to Paris. Addressing them at a cafe near the Arc de Triomphe, he declared with Napoleonic flourish that he would marshal the "troops" of his struggling computer company to defeat the massed armies of the industry leader, International Business Machines Corp.

But the flamboyant Mr. Peddle has less patience for the mundane details of management, say some former employees. He once told a young budget analyst that any financial planning that could not be done on a calculator was worthless. And on another occasion, to make a point, he ordered Victor's main computer unplugged, losing vital company records in the process.

Such gestures, some would say, are classic symptoms of "entrepreneur's disease," character traits that make Mr. Peddle well-suited to launching companies but less equipped to run them as they grow into large organizations. Those traits were a key reason that Victor, which was once fast growing, last year tumbled into bankruptcy-court reorganization, some former Victor officials contend.

IF Mr. Peddle has the ailment, he is not alone. The problem is widespread and widely recognized. George Comstock, founder of Diablo Systems Inc., a Fremont, California, manufacturer of computer printers, defines an entrepreneur as "a guy who takes a company to 50 people, then screws it up."

Treatment of the problem has become a matter of growing concern, and not only because it frustrates the money-making ambitions of businesses. The routine failure of early-stage entrepreneurial companies means a squandering of U.S. capital and business talent as well as the regular loss of jobs.

Now, as ever more Americans are bitten by the urge to start their own companies, academicians, management consultants and the company-builders themselves are all seeking treatments for entrepreneur's disease. They want to know how entrepreneurs can develop management skills and guide their fledgling companies through the difficult transition to maturity.

"Next to sex and money, I'd say it's what entrepreneurs talk about most," said Joseph R. Mancuso, whose Institute for Entrepreneurial Management holds seminars on how executives can cultivate their companies from small size to large.

The conflict is fundamental, the experts agree.

To succeed, they say, entrepreneurs must be self-confident, decisive and sufficiently self-reliant to handle all facets of their companies'



Steven P. Jobs, left, co-founder and chairman of Apple Computer Inc., and John Sculley, the company's president, with the new Macintosh personal computer. Mr. Sculley got a \$2.5-million bonus to impose discipline on the company.

work. In a single day, the head of a small manufacturing company might be required to modify a product's design, order a shipment of parts, arrange a bank loan and rewrite the company's advertising slogan.

As the company adds staff, however, the entrepreneur is forced to act more and more as an administrator, a "professional manager" who manages a group of managers who must jointly reach decisions and act. This professional manager, according to the experts' consensus, must have the patience to wait out such decisions, to attend to the organization's nuts-and-bolts details, including the myriad personnel problems that arise.

Those activities go against the grain of entrepreneurs, say those who have studied the problem. The very self-reliance that makes them good entrepreneurs makes it difficult for them to delegate; their decisiveness makes it difficult for them to wait out committee decisions. And because they are visionaries, they often do not have the patience to handle the personnel problems. They get bored.

"It's almost like playing the violin and boxing," said Mr. Mancuso. "If your hands can do one, they can't do the other."

The explanation offered by psychologists is that entrepreneurs are often poor managers because they are too involved with turning their very personal dream into reality.

To be sure, there are notable examples of entrepreneurs who prove themselves skilled managers, or who are flexible enough to turn over key administrative tasks to such a person.

For example, the co-founders of Intel Corp.—Gordon E. Moore, Andrew S. Grove and Robert N. Noyce—remain at the helm of the Santa Clara, California, computer-chip manufacturer that they built up to a company with \$1.7 billion in revenues and made a model of good management. And, in a much-publicized success story, Steven P. Jobs, 29, one of the whiz-kid founders of Apple Computer Inc. in Cupertino, California, recruited a Pepsi executive, John Sculley, 43, with a \$2.5-million bonus to impose system and discipline on the growing company.

But such cases are exceptions. Some entrepreneurs ignore the need for managers entirely.

From 1905 to 1920, Henry Ford built what was the world's most profitable manufacturing company. Ford believed that companies do not need managers at all, but only the entrepreneur and his "helpers," or "couriers," noted Peter F. Drucker, a management professor, in his work, "Management." Ford dismissed or sidelined any helper who dared to act as a manager and kept a corporate "secret police chief" to root out any stirrings of individual initiative.

As a result, between 1920 and 1927, Ford's business empire fell apart, fading to a poor third in the market and losing money almost every year for 20 years.

Entrepreneurs' errors are usually not so extreme, however. The company-builders more commonly slip up because of overconfidence or their preoccupation with long-term goals, say the management experts. Immersed in their dream of dazzling the world, entrepreneurs often try to do too much, spreading their companies' efforts across too many products.

Faint Stirrings of Peace Thrust Israel's Weizman Back into the Limelight

By Edward Walsh

Washington Post Service

JERUSALEM—"Without me," said Ezer Weizman, "Shimon Peres would not be the prime minister."

The setting hardly befitted a man who claims to be the kingmaker of Israel's national unity government. Mr. Weizman's office, down the hall from where Mr. Peres' offices over the government, is small and spartan, decorated with reminders of the occupant's military and political past.

For most of the first six months that the national unity government has been in office, Mr. Weizman has labored in relative obscurity. But events of the last few weeks—the resumption of a dialogue between Israel and Egypt, the faint stirrings in the moribund Middle East peace process—have thrust him into the lime-light once again.

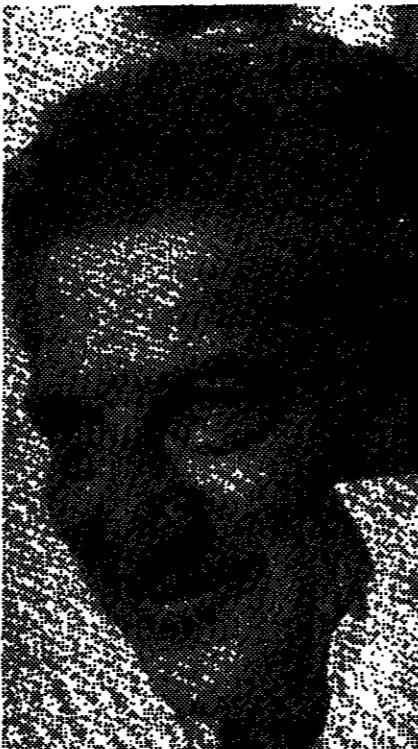
When Mr. Peres went to Europe late last month, he took Mr. Weizman with him. On the surface it was an odd choice, for Mr. Weizman is a minister without portfolio, whose principal mandate is to look after Israel's 700,000 Arab citizens. But Mr. Weizman also is known in Israel as "Mr. Egypt." He was a great friend of Anwar Sadat and Mr. Peres knew that in such a role he would be meeting a secret envoy from Mr. Sadat's successor, Hosni Mubarak.

A few days later, when Mr. Mubarak dispatched two more envoys to Jerusalem, Mr. Weizman was one of only a handful of Israeli government ministers who met with them in Mr. Peres' home and office. And in the days since then, he played a leading role in defending the government's initially favorable response to the Mubarak initiative against rightist criticism that it was all "a trap" or a "public relations ploy" before Mr. Mubarak's trip to Washington.

"I prefer in general to say yes more than no," Mr. Weizman said. "One can always say no."

One senior official who is close to the prime minister said, "Weizman pushes Peres in directions that Peres wants to be pushed."

IMPLICIT in this observation is the fact that the divisions in Israel's government are not just between the Labor Party and the Likud bloc, but within the two main government partners. Mr. Peres and Mr. Weizman were more enthusiastic about the recent flurry of Egyptian-Israeli contacts than were some



Ezer Weizman

Other Labor Party officials, among them Mr. Peres's old party rival, Defense Minister Yitzhak Rabin.

The photographs in Mr. Weizman's office recall his past, and some would say his transformation from hawk to dove. On one wall, there is a picture of him in a British Spitfire during World War II, when he learned to fly, and on another wall there is a photo of a U.S.-made F-15, the cutting edge of the modern Israeli Air Force. Mr. Weizman flew in that air force, later commanded it and finally, as minister of defense, oversaw its development.

Other pictures in the room recall Mr. Weizman's proudest political moment—the 1978 Camp David peace conference. He is pictured there with Sadat and President Jimmy Carter. On the wall directly behind Mr. Weizman's small desk, there is a picture which he takes special pride. It shows the young air force officer seated at a table in the King David Hotel in Jerusalem, flanked by Israel's two most bitter political rivals—David Ben-Gurion, prime minister from the Labor Party, and Menachem Begin, founder of the Herut Party, the key element in today's rightist Likud alignment.

Mr. Weizman used the photograph during last summer's parliamentary election campaign to symbolize his stance somewhere between the country's two main political power centers. At the head of a new party he called Yachad (Together), he refused to say whether he preferred a Labor or Likud-led government to emerge from the election.

When the election produced a virtual deadlock between Labor and Likud, Mr. Weizman's party, which captured three seats in the Knesset, Israel's parliament, held the balance of power. His decision to join the Labor Party doomed any chance that Likud could assemble a parliamentary majority on its own, making a government of national unity the only realistic alternative.

Mr. Weizman's claim to have "made" Mr. Peres prime minister is no idle boast.

Now that the election is over, Mr. Weizman can afford to be more candid. Mr. Weizman, who was forced out by Mr. Begin as defense minister in a Likud government because of differences over putting the Camp David accords into effect, said in a recent interview: "I do not want to see the Likud back in power. As Sadat used to say, 'for sure.'"

So, at 60, Mr. Weizman has cast his lot with the Labor Party, and with its more dovish wing. He suggested that when the national unity gov-

ernment breaks up he would not mind being named foreign minister in a new Labor-led government under Mr. Peres.

In the meantime, Mr. Weizman is devoting most of his time to the myriad problems of Israel's Arab minority, a subject he calls "fascinating" and "a hell of an Israeli problem." He has eliminated various special government offices dealing with Arabs, hoping thereby to force a small measure of integration in Israeli society, and he is seeking to encourage economic development in the heavily Arab sections of the country.

The animosity between Arabs and Israelis is so great now, worse than before," he said. "I think it is due to the long years of war, and to a basic, latent fear and perhaps lack of confidence. There is a lack of confidence in Israel in the whole peace process."

Mr. Weizman clearly does not share that lack of confidence. Mr. Begin, he said, was a "hawk," but he seized the opening for peace with Egypt. Mr. Weizman would like to be known in the same way, as "a hawk for peace." At the same time, he shares in the almost unanimous Israeli consensus on the limits of compromise. "I do not want to see the Likud back in power. As Sadat used to say, 'for sure.'"

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ernment breaks up he would not mind being named foreign minister in a new Labor-led government under Mr. Peres.

The company was founded by Jesse I. Aweida, a Palestinian-born engineer who left IBM with 11 other engineers in 1972. Storage Technology grew to peak sales of more than \$1 billion in 1982 as a maker of data-storage devices.

BUT at Mr. Aweida's urging, Storage Technology began trying to develop products in several kinds of technology, including large-scale computers, and the data-storage devices called optical disks and disk drives. That spread its capital and administrative resources too thin, say industry observers, hurting its core business.

"They were doing great, and then it was like something happened to Jesse," said an executive familiar with the company. "It was like he got carried away by the entrepreneurial impulse."

Successful entrepreneurs frequently lose their way directing companies through a layer of managers. But what they often do best is guiding and motivating the small groups that join them in founding their company.

Former employees say such was the case with Seymour I. Rubinstei, who founded the software company MicroPro International Ltd., of Santa Rafael, California, publisher of the top selling word-processing program WordStar.

Mr. Rubinstei, the founder of six companies, "is a street-smart guy in a world of 16-year-old wonders," said an industry consultant, Esther Dyson.

Mr. Rubinstei's chief talent, say former employees, was an ability to lead a crusade. "Seymour was the beater of light, and we'd follow him anywhere," said Will Linden, a former MicroPro marketing director.

But growth brought Mr. Rubinstei's management shortcomings to light.

"Everything that made him a great entrepreneur made him a failure as a manager," said Mr. Linden.

The company continued to hire "inspired amateurs" as it grew, he said, rather than the company specialists that it needed. Budgeting was inadequate, so that when the company began losing money in 1982, officials were not sure whether it was from overstaffing or because other costs were too high, Mr. Linden said.

Mr. Rubinstei relinquished his role in MicroPro's day-to-day operations last year and became chairman emeritus.

Students of business say entrepreneurs often err by spending too much time on the activities at which they are strongest. Royden C. Sanders, for instance, says he would have run his three businesses differently if he had recognized that his chief skill and interest lay in the product development side of business.

At his first company, Sanders Associates Inc., he led the company to branch out from its

established business as a military contractor into commercial sales. When the company got into financial trouble, the board forced Sanders to give up his 24-year presidency.

Mr. Sanders said his co-founders "just a mentally faster than I did. They wanted to be in the government business, while I saw markets to conquer."

At his second company, Sante Corp., Amherst, New Hampshire, Mr. Sanders, after three years developing a computer printer, was one of the first of its type. But the company, he acknowledges, did not have enough capital marketing strength. In 1980, he led the company through a bankruptcy-court reorganization.

Now Mr. Sanders has a company called: which designs computer peripherals. It has technicians and engineers and he vows to be at that size.

Former managers at Victor Technologies say the missionary zeal of its founder, Charlie Peddle, was invaluable in launching the company, based south of San Francisco. But he was preoccupied with making Victor a leading computer-maker that he overlooked financial details and spent extravagantly, they say.

John Cole, who was a budget analyst purchasing official at Victor, remembers Peddle as a blunt-spoken boss who worked in jeans and a blue Ultrasuede jacket and who "was always involved in three conversations, two of them arguments."

WHEN he founded Victor in 1980, Peddle had distinguished himself a engineer by designing the chips used today in the Apple II and A Macintosh lines of computers, and the mass-marketed home computer, the PET. (The initials stand for Personal Electronic Transaction, although industry wags tag "Peddle's Ego Trip."

For his part, Mr. Peddle contends that seeming extravagances were necessary to the company's success in a highly competitive business. The costly network of regional offices was, in hindsight, a bad decision," he said. "But how could I have known sales were going to collapse?"

Mr. Peddle asserts that the company's problems arose when IBM suddenly "ate up" the market for personal computers. "When happened they could have brought in Christ himself and it wouldn't have made any difference," he said.

Now the head of a computer design consulting firm, Mr. Peddle says he faces bills of about \$500,000 from shareholder suits that contend that he and other V officials failed to disclose the firm's financial problems soon enough.

Those bills might force him into bankruptcy, says Mr. Peddle, but they cannot stop his entrepreneurial drive.

"If I could find backers, sure, I'd love to again," he said.

Sense of Disillusionment Grows in Israel

After 6-Month Political Truce, Divisions Reappear Over Mideast Strategy

By Jim Hoagland

Washington Post Service

JERUSALEM—After a six-month political truce enforced by a national unity government that has joined the Likud and Labor parties in shared policies, Israel's political leaders are gingerly resuming their national debate over the future of the country's relations with its Arab neighbors.

The coalition government has enabled Israel to impose austerity measures on a chaotic economy and to begin the withdrawal of its army from the quagmire of Lebanon. Now, divisions over broader Middle East strategy are surfacing again because of an ambiguous Egyptian proposal to get talks started on the West Bank territory of the Jordan River.

Talks of new peace initiatives and the unlikely prospect of King Hussein of Jordan suddenly agreeing to territorial negotiations with Israel have sent fleeting shadows across the unity painstakingly developed by Prime Minister Shimon Peres and Foreign Minister Yitzhak Shamir on other matters.

"Lebanon was not an ideological problem," Mr. Shamir observed during an interview in which he praised the responsibility-sharing aspects of the coalition government. "Judea and Samaria is an ideological problem between Labor and Likud that could threaten the coalition," he added, using the biblical names preferred by Likud leaders for the West Bank.

Likud "would never accept that we embark on a search for territorial compromise" if Hussein were to put forward such a proposal, said David Levy, the Moroccan-born minister of housing who is seen by many as Mr. Shamir's successor as head of Likud. "We are going together well now, but there are unrealistic things that would cause the government to fall."

Interviews with Mr. Levy, Mr. Shamir and other senior Israeli political leaders suggest that Israel approaches the sixth anniversary of the Camp David peace accord, and the end of its military involvement in Lebanon, in a mood of disappointment and disillusionment with the country's ability to transform the attitudes of its Arab neighbors either through peace or war.

That frustration in turn translates into declining interest in exploring the prospects for agreements of any sort with Arab countries involving new exchanges of territory for peace, the interviews suggest.

CAMP David, in this view, produced only a "cold peace" with Egypt instead of a full range of relations that Israel was promised in return for giving back all Egyptian territory conquered in the 1967 Arab-Israeli war. That frustration appears to extend into Mr. Peres's Labor Party, which is nominally committed to negotiate with Hussein to relinquish part of the West Bank in return for peace. It is also producing new support within Labor for political arrangements with Hussein that exclude giving up territory.

"It could be that we have to come to an understanding on sharing" jurisdiction on the West Bank and Gaza, said Ezer Weizman. Mr. Peres's informal adviser on Arab affairs and minister without portfolio in the coalition government. "Today you have to say that the autonomy plan for the West Bank" designed by Prime Minister Menachem Begin in 1979 "was a good beginning," Mr. Weizman said, adding that "the final result may be something in between

They Create

Privacy Is Golden In Florida Enclave

By Jon Nordheimer

New York Times Service

JOE SOUND, Florida —

Two indomitable landmarks

and guard at either end of Jupiter

Inlet, a narrow barrier island

just 25 miles (40 kilometers)

from Palm Beach.

To the south there is the light-

house at Jupiter Inlet, a beacon to

mark the wayward coming in

on the sea.

To the north there is Permelia

Reed, an upright and vigilant se-

ligarian who watches over

Joe Sound, the exclusive enclave

here silence about the private

lives of the residents is as golden as

their credit ratings.

For half a century Reed has been

keeper of the gates to what many

consider the most exclusive winter

resort in Florida. Here old-money

names Doubledays, Payson

Cots, Olins, Scranton, Dukes

Vanderbilts, Mellons — own

houses by Palm Beach stand

ards are cheap, even scrubby.

"All the people here want to

keep a low profile," said G. Sealy

Jewell, whose family was one of

the first to move to Hobe Sound in

1930, when Reed and her hus-

band bought most of Jupiter Island

and began selling parcels to friends

from Greenwich, Connecticut. The

idol of Joseph Verner Reed, who

inherited a mining fortune, has not

lost his nine-mile-long island like a pri-

vate club ever since.

The Greenwich mafia was com-

pletely unlike the crowd in Palm

beach," said one resident, who, like

most other property owners inter-

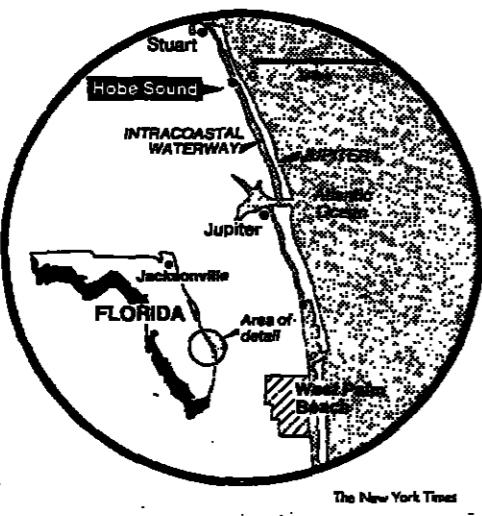
viewed, did not want her name

published. "They've already

limbed the ladder and don't need

to tell everyone what they've got.

"No one dresses up except for a



party. Frayed button-down shirts

and chinos are the uniform, and a

good 'woodie,' an old Ford station

wagon with wood side panels, is

preferred over a Rolls-Royce."

Now the number of homes has

ballooned to 400, with houses go-

ing up on the few empty parcels.

"The old guard is changing and

Permelia is losing control over who

buys or builds on the island," the

resident said. "But crossing her still

means social suicide."

From earliest days, membership

in the Jupiter Island Club was the

key to social acceptance. One did

not get in unless sponsored by four

members.

Reed, approached by a recent

visitor after the annual garden

show at the Presbyterian Church,

was gracious but unbending.

"You won't get any help," she

said. "We don't want any publicity

and no one will help you. You

won't get one word out of us."

Reed and her friends technically

live in the Town of Jupiter Island in

Martin County. It is an incorpor-

ated community of 389 registered

voters, occupying the one-half-

mile-wide island bordered by the

Atlantic Ocean and the Intracoastal

Waterway. Before the town was

incorporated in 1953 it was known

as Hobe Sound because that is the

name of the hamlet on the main

land where the nearest post office

was. Mail still comes addressed to

the Hobe Sound Post Office and

insiders still call their part of the

island Hobe Sound.

The southern tip of Jupiter Is-

land extends into Palm Beach

County for about half a mile. Con-

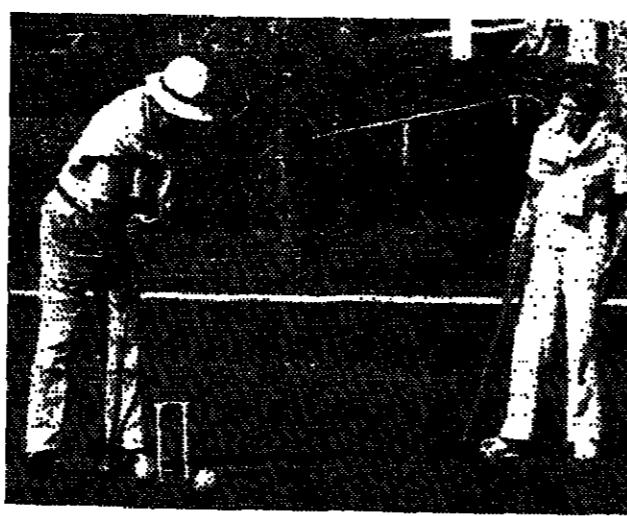
sequently it contains elements that

would be unacceptable on Reed's

side of the county line: ethnic di-

versity, condominiums, even a ce-

lebrity or two.



Members of the Jupiter Island Club playing croquet.

Celebrities are definitely not wel-

come in Hobe Sound, as they are

across the county line in Jupiter

Inlet Colony, where Perry Como

and Tammy Wynette have homes.

Thick clumps of vegetation shut

off most of the homes from view on

the two public roads on the island.

A town ordinance prohibits vehicles

from stopping on the roadside.

"Anyone who looks slightly sus-

picious and stops or parks on the

island will have a policeman check-

ing them out within minutes," said

Carole Jayne Watts, the leading

real-estate agent on the island and

a resident.

The town is run by a manager

and town commission, all of them

property owners, members of the

Jupiter Island Club, and unpaid.

The mayor is John Mulliken, for-

mer deputy press secretary to Nel-

son Rockefeller and a permanent

resident. In some circles, he said,

there is a sense of unease over

changes in the past decade or two

as the Hobe Sound area came un-

der the pressures of increased de-

velopment. "Most of the first gen-

eration of homeowners are re-

tired," he said, "and more people

are living here year-round, which

was unheard of in the old days."

'Other Places' Is Instant Guide to Pinter's Career

By Sheridan Morley

International Herald Tribune

LONDON — "Other Places" (at

the Duchess) brings together

three one-act plays by Harold Pi-

nter, two of which were seen a cou-

ple of years ago at the National The-

atre and the last of which was done

a year ago at the Lyric Hammer-

smith by Alan Bates. They are

"A Kind of Alaska" is, unusually

for him, derived from a book, and a

book of medical fact. Oliver Sacks' "Awakenings" was a 1974 account

of the arousal from decades of cata-

stic lethargy of sleeping-sickness pa-

tients brought back to life by the

drug L-dopa. Pinter has taken it as

the starting point for the story of

just one Englishwoman who at 16

fell into a coma and is now being

brought around by her sister and her

brother-in-law, who is also her

doctor.

In the National production, Judi

Dench gave a haunting portrayal of

a woman whose body is being rap-

idely unfrozen while her mind re-

fuses to thaw out quite so fast.

"You've aged, substantially," she

told her sister as if the unfortunate

woman had put on weight in all the

wrong places. The new production

is inclined to focus far more on the

relationship of the doctor and his

wife (Susan Engel), whose marriage

has been as permanently interrupted

as Twain's life by the sleeping

sickness, and that shift of balance

leaves the patient oddly stranded in

her hospital bed.

Tutin is a memorably childlike

Sleeping Beauty, but you never

feel, as you did with Dench, that

she has even begun to come to

terms with the full horror of waking

up again.

"Victoria Station" has also been

fractionally altered for the worse.

Paul Rogers originally played it as

a restrained, chilly little piece

about a mini-cab controller sud-

denly discovering at the other end

of his radio system a sinister driver

who may or may not have a mur-

dered body on the back seat of his

taxi.

Blakely goes for out-and-out

farce and a lot of wrenching the

microphone out of its socket, which

is a pity given that this is something

much more eerie than a knock-

about sketch.

In the last play, too, Blakely is

oddly ill at ease, lacking the fine

and witty timing that made him

such a success.

"DOONESBURY"

There are always problems with

directors. The Viennese are so par-

ticular," an opera spokesman said.

In 1964 von Karajan quit after a

dispute with management and threat-

JAPAN

A SPECIAL ECONOMIC REPORT

WEDNESDAY, MARCH 20, 1985

Page 9

*The Economy:
Autonomous
Expansion'
Under Way*

By Richard C. Hanson

TOKYO—Japan's highly regarded economists can boast of having stage-managed one of the most successful economic "miracles" of the postwar era. Now, midway through the 1980s, the government's role in the economy has changed dramatically. Senior officials like to describe what is happening as "autonomous expansion."

What this means is that for a combination of reasons the government's ability (and in some cases, willingness) to influence the economy has diminished sharply. This partly reflects a growing sense that the government's policies of tight regulation and intervention in industry and finance are no longer appropriate in a "mature" economy, let alone one that emerged over the past year as the industrial world's single largest source of investment capital.

From the outside, Japan may be widely perceived as dragging its feet on opening trade and social markets to competition. From the inside, changes set in motion for the deregulation of financial markets appear revolutionary, aradoxically, both the undoing of fiscal policy and the opening up of financial markets are the same percentage: namely, government steps to liberalize money markets in Japan mainly the result of pressure on the government to market its bonds, which were first issued in huge amounts beginning in the mid-1970s. Free-floating interest rates on manufacturing bonds means the breakdown of fixed interest rates.

The government's domestic budget deficit is the result of a round of heavy debt-financed spending to stimulate the economy after the first oil crisis a decade ago. For the past three years, the government has slashed back social expenditures. Public-works spending is down. Servicing the government's debt alone has edged up to 18.5 percent of the general budget.

"We've run into a wall as far as cutting expenses is concerned," a Finance Ministry official said. "We need to innovate on the revenue side."

Officials of the ruling Liberal Democratic Party are also feeling the heat from their voters. (Continued on Next Page)



Faces of Japan: A teen-ager and pictures of singers and film stars for sale at Tokyo's Harajuku Park. Page 10.

- The younger generation shows a marked shift toward self-indulgence. Page 10.
- The middle class: Do 90 percent of the Japanese belong? Page 13.
- A new entrepreneurial spirit challenges the industrial pyramid. Page 12.
- White-collar jobs are being created by office automation. Page 14.
- The automobile has overtaken the train as a means of moving masses. Page 14.
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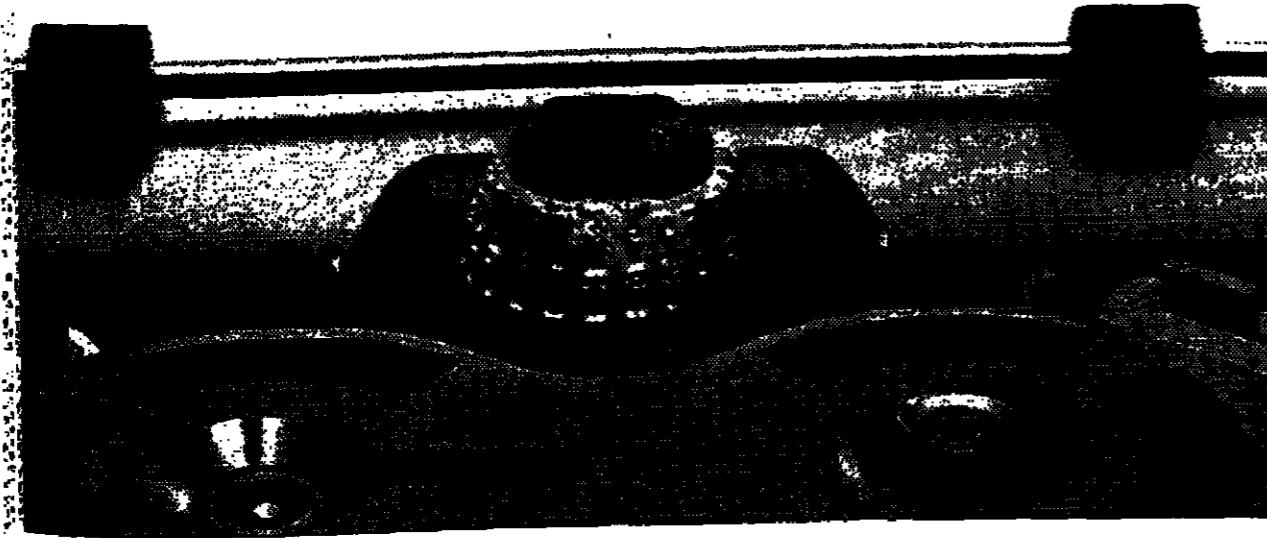
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Glittering Prosperity
Masks the Quality Gap

By Jack Burton

TOKYO—The Japanese are now very much living the affluence of the industrialized world. In 40 years, they have become comfortably prosperous.

Signs of the country's newly acquired wealth abound. Tokyo's population is as well-dressed as that of New York or London, and department stores are stocked with such luxury goods as Louis Vuitton handbags, Hermes scarves and Yves Saint Laurent suits.

The city's shabby ferro-concrete buildings are being gradually replaced by gleaming international-style glass and steel towers. The Japanese now spend more per capita on overseas trips than any other nationality.

And those impressions of an improved standard of living are backed up by such accepted statistical indicators as television ownership (second within the OECD after the United States); infant mortality (the second lowest after Finland); life span (the world's longest); and high-school enrollment (surpassed only by the United States).

Acknowledged by the rest of the world as an economic superpower, with the third-highest gross national product, after the United States and the Soviet Union, Japan is also starting to display a more assertive profile abroad that reflects pride in its achievement.

But behind the impressive statistics, the Japanese standard of living, or perhaps more accurately its quality of life, still lags behind that of the United States and most of Europe.

On a private-consumption per-capita basis, Japan hovers around 15th among the 24 countries in the Organization for Economic Cooperation and Development.

The cost of basic necessities is high because most essential things, from food to raw materials, have to be imported. Food alone accounts for about a quarter of the average family budget.

A further constraint on improving the quality of life is the absence of space. A population of 120 million, half that of the United States, must be squeezed into a small area. The result is that housing is extremely cramped, with the Japanese paying 1.5 to 2 times more per square meter of living space than Europeans and Americans.

Although the Japanese over the last 40 years have moved out of homes built of timber and mortarboard into ones of concrete, housing standards remain relatively poor. Only 30 percent of Japanese homes are linked to main sewage systems and only half have flush toilets. Central heating is frequently lacking in Japa-

nese houses, which are designed more to stay cool in summer than warm in winter.

With 75 percent of the Japanese living in cities, urban areas have a claustrophobic feeling. Only about 10 percent of Tokyo consists of open space, including parks and roads, compared with 25 percent in London.

With food and housing taking a sizable chunk of the household budget, the Japanese are also forced to save about 20 percent of their income for medical emergencies and retirement due to the inadequacy of the social welfare system. These savings, of course, have benefited the Japanese economy by providing a huge reservoir of capital available for investment, but it has limited the amount of discretionary income available to most Japanese.

Leisure, according to opinion polls, has become the most important concern in the last several years, a sign of an increasingly affluent society, but the Japanese are hampered in enjoying the fruits of their labor. They still work 150 to 350 more hours per year than Americans and some Europeans, and the five-and-a-half-day work week is prevalent, although slowly dying out.

There are, nonetheless, important economic compensations. Tax rates are low; the typical Japanese worker brings home 84.5 percent of his income after taxes.

Inflation is low with wholesale prices having barely moved during the last three years and the consumer price index having risen by only 2.4 percent during 1984. Unemployment is also low—2.7 percent in 1984, although the figure is somewhat misleading for two reasons. One, the Japanese use a broad definition of what constitutes work, and, secondly, there are many fewer women holding full-time career jobs in Japan than in the United States and Europe, which means that male workers seeking work can usually find it.

More importantly, the national income has been distributed fairly equally in the postwar period, quite a radical departure for a country that was known for its distinct class divisions.

Of the almost 34 million people working full time at private companies in 1982, 10.2 million made less than 2 million yen (about \$8,000) per year. 19.2 million made between 2 million and 5 million yen, and 4.5 million more than 5 million yen.

Most of those earning 2 million yen or less were women, who on average are paid 50 percent less than men. In 1982, women received an (Continued on Page 11)

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A SPECIAL REPORT ON JAPAN

Autonomous Expansion: Economy Finds Own Level

(Continued From Page 9)
who have been starved of pork-barrel public-works spending. However, although a general consumption tax has been discussed, the LDP is unlikely to agree soon to tax reforms on a scale that would raise enough revenue to ease the budget problem.

"There is agreement on broadening the tax base, but no consensus on concrete measures," the Finance Ministry official said. Politically, Prime Minister Yasuhiro Nakasone is still committed to fiscal reform without major tax increases.

Economic management through manipulation of monetary policy has been virtually ruled out by the prolonged volatility in foreign exchange markets as a result of high U.S. interest rates. Fear of undermining an already weakened yen prevents the central bank from lowering interest rates at home.

Fiscal and monetary policies played a key role in the last period of economic recovery. In 1977 and 1978, public-works spending rose by more than 20 percent annually, while the official discount rate dropped to the lowest level in postwar history, 5.5 percent. It has remained stuck at 5 percent this time.

"It's no joke that government is trying to find a new role in the economy," said Miko Wakatsuki, Director of the Bank of Japan's research department.

Meanwhile, the economy's "autonomous expansion" has proved remarkably sound.

Having outscored most of the industrialized world in nearly all the toughest economic tests of the past two decades, the consensus is that Japan is settling into what promises to be a sustained period of growth of 4 percent to 5 percent a year. Sparked by a rapid surge of exports to a fast-growing American economy, Japan is in its third straight year of expansion.

"The present recovery is now well within reach of becoming the third longest on record since the mid-1950s," said David Gerstenblatt, a Tokyo-based economist for Jardine Fleming, stockbroker. Government economic planners are encouraged by signs that the economy has moved further away from a heavy dependence on export growth.

"Our growth is now fairly independent of external factors," Mr. Wakatsuki said. "The remarkable thing is that this is the third year of expansion without much inflation."

Nearly half of 1983's 3.9-percent real growth in the gross national product was due to rising exports (and sluggish imports). For the 1984 fiscal year, which ends March 31, domestic demand appears to have accounted for the lion's share. The 1984 economy is estimated to have grown about 5.5 percent, or slightly higher than the official estimate. The government expects that fully 90 percent of the 4.6-percent growth

forecast for fiscal 1985 will be the result of domestic demand.

Economic planners have been cheered by signs that capital spending by the nonmanufacturing (and hence nonexporting) sector of the economy (hotels, shops, finance and such) will pick up. For the past two years, private capital spending has served as a main engine for the economy, but mostly stimulated by industries exporting to the United States.

The current economic recovery, which began in the spring of 1983, is strikingly different in content from the one that began in 1977 and petered out early in 1980. The big change has been a dominance by electronics-related industries, while traditional basic industries faded in importance.

From the last quarter of 1977 to 1980's first quarter, 29 percent of the expansion in industrial output was in basic industries (steel, chemicals, automobiles) against 25 percent in the electronics industry. Since the first quarter of 1983, the basic industries' share of growth has fallen to 17 percent while electronics rose to 38 percent.

Economists are counting on sluggish private consumption to be boosted by more generous wage settlements in the annual round of labor negotiations this spring. The government is hoping that its frugal citizens will spend more, rather than save more.

But at the same time, the government would have even more to worry about if the average Japanese were not such a prodigious saver of money. Among other things, Japan's high savings rate has meant that its huge trade surplus (mainly with the United States) could be indirectly offset by an equally large outflow of investment capital to the United States. In 1984, Japan had a record current-account surplus of \$44.351 billion, but there was a record \$49-billion outflow recorded in the country's long-term capital.

Japan views its economic success with a combination of pride and caution. A recent government-sponsored study showed that over the past 100 years, Japan's per capita income has risen 21 times, its working hours have fallen by a third and housing space per person has increased by two-thirds. A newly appointed Japanese ambassador boasted recently at a press conference that Western countries simply cannot compete with the efficiency of Japanese industry.

Other officials are less sure that Japan's advantages are permanent or that the factors which help produce its wealth will endure. One senior official said of Japan's world role: "Japan is just a small island of stability in the world—but practically the only country where savings are being generated. We want to use our savings not only for ourselves but [as an investment] in the dynamism of the U.S. and world economy."

Will Work Ethic Give Way to National Ethic?

By Gregory Clark

TOKYO—As war memories fade and the economy points ever upward, many observers have predicted the development of a more nationalistic factor.

A major factor in the postwar economic miracle was the strong desire to rebuild Japan. So today, when the rebuilding is almost over, when Japanese products flood the globe and Japan is often held up as a model for others to follow, it is not surprising if pride and confidence gain ground.

Also, this pride laps over into renewed emphasis on Japan's traditional values. This year, for example, Prime Minister Yasuhiro Nakasone made a point of being the first postwar leader to attend the traditional Feb. 11 ceremony celebrating the mythical foundation of Japan 2,600 years ago.

In the past, the ritual served as the focus for militarist sentiment and for those favoring state Shintoism. Pacifist and leftist movements, together with religious groups opposed to any suggestion that Shintoism be revived as the state religion, have opposed any official endorsement of the founding ceremonies.

But Mr. Nakasone went away. He has also encouraged his cabinet to make token visits of worship to the major Shinto shrine in central Tokyo.

Underlying Mr. Nakasone's approach is the idea that the postwar era is over and Japan should make a clear break with the

Gregory Clark is professor of international business at Sophia University in Tokyo.



A businessman prays at the Meiji Shinto center.

Jinghong Cai/Corbis Photo

politics and attitudes attached to that period.

One of the first breaks is in the area of military spending: he has challenged the promises made by former prime ministers to keep this spending down to within 1 percent of gross national product.

Although Mr. Nakasone can argue that an increase is needed anyway to maintain good relations with the United States, the main factor is the intense feeling in conservative circles, both political and business, favoring a stronger military posture.

One suggests that Japan should return to its militarist ways or that, apart from sea-lane defense and perhaps some contribution to United Nations peacekeeping forces, Japanese troops should be sent abroad.

But the conservatives who rule Japan share a deep feeling that a stronger Japan would be a better Japan. "At the very least, we should be able to defend our own nation," they say.

The progressives who used to dominate the foreign-policy debate are less vocal and the noisy ultranationalist minority is smaller than ever. Its main foreign target is the Soviet Union, for refusing to return the Kurile Islands, seized from Japan after the war. The ultra-right sees a revision of the constitution toward reinstating the emperor to his prewar status.

Probably the only factor holding down this groundswell is Mr. Nakasone's weakening political situation within the Liberal Democratic Party and an instinctive dislike in the electorate for military-spending controversies. Under strong pressure from the opposition parties, Mr. Nakasone has reluctantly agreed that he should try to keep close to the 1-percent GNP limit. But there is little doubt as to where his "true sentiments" lie, as the Japanese press puts it.

Vietnamese refugees allowed to stay in the country and moves to increase the number of foreign students here.

In trade matters, the current slogan also calls for more international attitudes. The nationalism of earlier years is now seen as outdated and the overall mood is to give ground, unless there are unusually strong domestic reasons to do otherwise.

Thus, it is hard to argue that a more confident Japan is necessarily a more obstructionist and pushy Japan.

Perhaps the main area of push has been in the concept of a Pacific Basin Community. Sponsored by Kiyoshi Kojima, an economist and strong Japan-first, the idea used to call for a free trade area in which Japan inevitably would have a dominant role. Today, that idea has been modified greatly and calls for mainly cultural and information exchanges.

In promoting the project, Japan is now bending over backward to avoid giving the impression that it seeks the dominant role. Even so, there is little doubt that the more nationalistic elements in Japan would like to see the concept in terms of an expanded Japanese presence in the Asian/Pacific area. Support for the concept is strongest in rightist and conservative circles.

Some have called openly for the concept to be converted into a political organization with fairly undisguised anti-Soviet aims. Indeed, Moscow has charged that the idea is a vehicle for Japanese military expansion.

The overall picture is of a Japan that is resolute but still far from dangerous, even if some insist otherwise.

Hard-Working Society Takes an Interest in Leisure

By Doune Porter

TOKYO—Over the past 20 years the Japanese have established an international reputation as workaholics. Although many Japanese take pride in this reputation for working, it is an image the leisure industry in Japan is at pains to dispel. The Japanese government, beset by international trade friction and beginning to find the reputation a little embarrassing, is also trying to promote leisure in Japan.

On average, the Japanese work between 150 and 350 hours a year more than their counterparts in Europe and America, leaving themselves with less time for leisure-oriented activities.

However, younger Japanese are less interested than their parents in devoting themselves to their workplace and more inclined toward relaxing and having fun. Gradually, the working week is being reduced from five and a half days to five. The banks are now closed on the second Saturday of each month and are planning to stop Saturday opening altogether in the near future.

ture. Last year the Ministry of Labor proposed a further reduction of working hours by cutting down overtime and promoting a system of paid holidays.

In 1980 the average Japanese managed 4 hours and 17 minutes leisure time each weekday (including Saturdays), an increase of 19 minutes from 1970, and although many do not yet make full use of this time, the leisure industry has mushroomed.

From 1980 to 1982 the value of the leisure market in Japan grew by 9.3 percent to 39.3 trillion yen (\$1.81 billion), equivalent to 15 percent of the gross national product.

Because of their long working hours, the majority of Japanese spend their free time relaxing, usually in front of the television. There are almost 160 television sets for every 100 households, and the Japanese while away more time watching television than doing anything else, except working and sleeping. Television has taken over from the movies, with the number of cine-

mas falling from 7,437 in 1960 to 2,364 in 1980.

In Japan, which boasts a 99-percent literacy rate, at least one newspaper is delivered to almost every household, and magazines are becoming increasingly popular, especially among the young. Reading materials account for the second largest leisure expenditure. After travel, the Japanese read for an average of about three quarters of an hour a day. As well as high circulation rates for newspapers and magazines (the Yomiuri Shimbun has a circulation of close to nine million—the largest in the world), Japanese bookstores flourish. In Tokyo, large-scale bookstores, some carrying up to a million books, have recently been opened, proving a major attraction for customers.

Other relaxing recreational activities include the popular board-games of Go and Shogi. Go, a territorial boardgame, and Shogi, a parallel to chess, each have an estimated amateur following of 10 million. For both games, competitions

and major tournaments sponsored by national newspapers are held throughout the year.

Pachinko, Japan's answer to pinball, provided a mindless diversion for workers during the period of rapid economic growth and is still played regularly by almost 30 million Japanese.

Gaudy, noisy pachinko parlors cluster in every Japanese town, their clients sitting in rows watching steel balls descend through a maze of pins, and trying to guide them into winning holes. Although occasionally unlucky player can lose a day's wages during a visit to the pachinko parlor, for most it is a relatively cheap form of amusement.

Avoid photographers and sightseers, the Japanese prefer taking active holidays to lazing around on beaches. In 1983, 4.23 million Japanese traveled abroad—a record number, with about 80 percent on sightseeing tours.

For families, Hawaii and Guam are the favorite destinations, but single women are more attracted to Europe, other Asian countries and, during the recent koala craze, Australia. Young bachelors, on the other hand, tend to prefer the United States, especially the West Coast.

Domestically, the Japanese, most of whom have moved into the

cities, often visit their hometowns for holidays. Increasing numbers of families travel to hot spring resorts, and older couples take leisure trips. The most popular winter trips among young people are ski tours in northern Japan.

Although the Japanese are becoming more inclined toward participation sports, spectator sports such as sumo and baseball are still extremely popular.

Sumo, traditional Japanese wrestling, draws annual crowds of around 750,000, and is covered extensively on television. Japan has two professional baseball leagues, and the season runs from April to October, with spectators totaling about 16 million in 1980.

There are nearly 60 million golfers in Japan. The sport is expensive, and is most popular among white-collar workers, who also use it as means of entertaining business clients.

Because of the limited land available, the Japanese have made the best use of what little space they have, with many buildings in the city sporting rooftop golf ranges.

The Japanese like to participate not only in sports but also in music.

They sing to the accompaniment of taped instrumental music in kar-

aoke (literally "empty orchestra") bars equipped with flattering sound systems and built-in echoes that give even the worst singer that professional touch. Home karaoke sets are also becoming popular; in 1982 an estimated 8 percent of Japanese households owned them, with 20 percent ownership forecast in the near future. Karaoke can even be found in such unlikely places as boats and taxis.

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The Japanese like to participate not only in sports but also in music.

They sing to the accompaniment of taped instrumental music in kar-



The crowds at Tokyo's Harajuku Park on Sunday: Teen-aged girls dancing to Western music, above; below, a group of young men in leather outfits and 1950s-inspired hairstyles.



chases based on the popularity of the manufacturer, trendy young Japanese covet exclusive items appreciated only by the select few.

In the past, the employee felt it was his duty to work even harder to bail the company out," said Matsuyuki Kaneko, chief of Nippon Recruit Center's research department.

"Recently, the attitude of workers has changed. Now, if the company faces a major crisis, workers will start looking around for another job."

Mr. Kaneko said the state of the economy was in part responsible for the changes in work attitudes.

With no sign of another economic boom on the horizon, high social mobility is declining, he said, "so there is less motivation to work."

If the current trend continues, he said, Japan's workaholics may turn into the "idle victims" of what he called "advanced-country disease" country where people "don't work."

Only 13.3 percent of respondents said they considered their company a good place to work.

Whereas their parents made pur-

put their work and studies behind them so they can return to their chief task—having fun.

Money sits high on their list of job criteria. "But even if it's a solid job and a career with a great future, if it's something that restricts their time and it's not an 'in' sort of job, they'd rather not take it," said Mariko Fujisawa, from the Hakuhodo Institute of Life and Living.

In the past, bright students aimed at jobs in trading companies and banks. But as a sign of the times, Suntory Ltd., an alcoholic-beverage manufacturer with a knack for projecting a slick, fashionable image, now snatches the largest number of job applicants.

Young Japanese are basically passive, and instead of relying on diligence to carry them ahead, they look for clever shortcuts to success, Mariko Fujisawa said.

A recent government poll of Japanese between the ages of 16 and 23 revealed that only 27 percent of respondents believed their work made their lives worth living, a significantly lower number than in recent years. And only 3.7 percent indicated they wanted to devote themselves to the betterment of society. By contrast, the number was nearly 10 times higher among young people in the Philippines.

A study of 1,600 Japanese from 18 to 24 conducted by Hakuhodo, a major Japanese advertising firm, painted a picture of a generation unabashedly devoted to pleasure-seeking, with no feelings of guilt.

Nearly 69 percent of those surveyed said they live for pleasure, and 53.8 percent said they hurry to do with what they have.

"The chance itself is everything," he said. "But they don't follow through with it. They expect things to work out."

Mr. Fujisawa cited a disturbing trend in the number of graduates who enter big companies or prestige

government agencies, only to drop out after a few years. He attributed their behavior to an inability to cope with the tough, real-life situations that their how-to manuals do not address.

While previous generations held close to the dream of working their way to the top, this generation opts for immediate gratification. "Generally, these people have access to an enormous amount of information," said Akio Saito of Dentsu, Japan's largest advertising agency. "They know what they can anticipate in the next 10 or 20 years, and they never expect to become the company president. Maybe they think it's impossible nowadays."

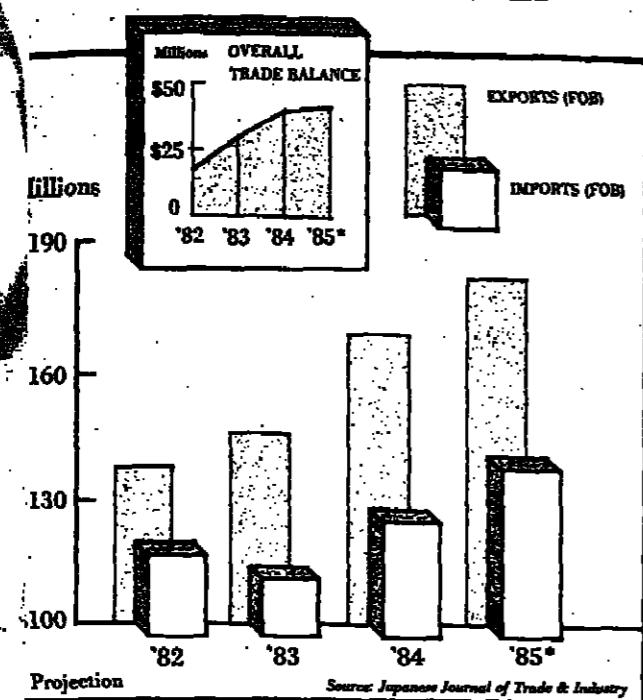
Mr. Saito noted that young Japanese are not big drinkers, and an increasing number of young workers seem reluctant to join in the after-hours drinking sessions where much important Japanese business takes place.

"Young Japanese males are becoming weaker," he said. "They're very fashion and leisure oriented."

Their reluctance to stick to one style seems to mirror a reluctance to commit themselves to a job.

According to a survey by the Nippon Recruit Center, only 48.3 percent of new job recruits said they planned to stay with their companies until retirement.

THE TRADE PROFILE

Wider Demand Base
is Creating New Needs
And Diversified Tastes

By George Fields

TOKYO — The Japanese continue to increase their consumption of Western-style foods, but at the same time they continue toimoto on their own cuisine — one does not destroy the other. One of the key issues for the marketer is whether Japanese consumers are adding their homogeneous nature.

The apparent fragmentation of the Japanese consumer is occurring because of the greatly expanded demand base, which in turn creates new needs and has nothing to do with the breakdown of the homogeneity of society.

Admittedly within the very small sport segment — 2 percent of automobile registrations — BMW has been successful by recognizing the needs of a minority, as had Mercedes earlier. BMW, the new boy, started to take off when a certain group dynamism became evident.

The Japanese educational system is a powerful contributor to the formation of the group. Despite the continuing debate on educational reform, fundamental changes will continue to come, given the enormous bureaucratic infrastructure. And with more and more students going to the universities (second only to the United States), there is increased affluence.

With this newly affluent youth, come closest to the global market. Youthful consumers in many cultures lack individual confidence and thus, as a group, create fads. The very fluidity of their tastes tends to create the illusion of "individualization" of the Japanese market but is still more a function of increase in the size of their base.

The new products that stay the course are mostly those that are able to plug into a group dynamism of some sort and, to be really suc-

cessful, they have to be transferable to another group, as the original group's character changes with newly acquired social responsibilities.

For impact in the marketplace, the rapidly changing position of women is the most important factor. Many of the features are recognizable in the West but the female consumer who evolves will still be uniquely Japanese in many respects for some time to come. More important to the marketer is the fact that they are moving from one set of consumer needs to another by virtue of greater affluence, independence, social recognition and free time. The results are evident in booming markets for certain sports-related goods, culture centers, fashion items, travel, family restaurants.

The growth in the dissemination and manipulation of information related to services has had its impact. The home-delivery firm of Footwork discovered that it could deliver a special type of melon from the northernmost island to any home in Japan before the product perished, a feat beyond the capabilities of the existing distribution system. The concept of "direct delivery from the source" was successfully launched, tapping latent consumer needs that were perfectly consistent with traditional values.

The diversification of the Japanese consumers' tastes is the net result of moving from a production-based to a marketing-oriented culture. Demand exceeded supply in the halcyon days of growth, turning the Japanese marketing establishment into solid supply-siders. There is now a scramble to provide a raison d'être for a product other than functional excellence and price.

George Fields is president of ASI Market Research (Japan) Inc.

A Glittering Prosperity
Masks the Gap in Quality

(Continued From Page 9)
average salary of 1.92 million yen per year, compared with 3.86 million yen for men. But since women mostly work to supplement the family budget, there is no wide disparity in income on a household basis.

Rural areas have not been neglected at the expense of cities in receiving economic benefits. Due to the patronage nature of Japanese politics, dominated by rural-based politicians, the countryside has received a rich harvest of public-works projects, from bullet-train lines to extensive hospital facilities. Farmers are heavily subsidized by the government there are plans to spread the benefits of technology into the countryside by building a dozen or so "Technopolis" regions that will house high-tech industries.

But Japanese perceptions of their living standards have not changed much since the late 1950s

although the population is better fed, better housed and better clothed than 25 years ago.

Despite Japan's rapid economic growth during most of this period, public-opinion polls have revealed that about 65 percent of Japanese believe that their standard of living has not improved at the same pace, although 90 percent of the population now considers itself part of the middle class, compared with 72 percent in the late 1950s.

Recently, the polls have noted a growing pessimism among a sizable minority of Japanese about their economic future. For example, 22.7

percent said last year that their

standard of living had deteriorated from the previous year and 38.6 percent replied that it was harder to make a living than before. Moreover, the number of those who consider themselves lower middle class (27.1 percent) rather than middle class (54.6 percent) has increased slightly by 4 to 5 percent since the mid-1970s. There is a

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Another disturbing sign of an emerging wage gap is the appearance for the first time in the post-war period of what is termed the new consumption class. Although extravagant spending is still generally considered socially unacceptable, this class of wealthy urbanites has provided a ready market for \$4,000 ocean cruises, \$400,000 con-

dominiums and \$12,000 jewelry for pets.

With a gross national product growth rate of 6.5 percent during the first half of fiscal 1984 (the highest among the major non-Communist industrialized powers) and with industrial production climbing to 9.2 percent at the end of last year, Japan's economic health is not in doubt.

However, some segments of Japanese society could face a bleaker future, particularly the aged. Within the next 15 years, one out of every five Japanese will be 60 years or older. With national pensions inadequate, most workers who retire from their career jobs are forced to take another job to make ends meet. But the number of positions available for elderly workers is rapidly filling up and the government may have to shoulder a great

share of supporting the aged in the future.

That comes at a time when the

government is trying to contain

huge budget deficits, amounting to

a total of about 120 trillion yen,

the result of pump-priming measures

that started in the mid-1970s to

counter the effects of the oil-price

rise.

To finance its fiscal 1985 budget

of 52.5 trillion yen, the Japanese

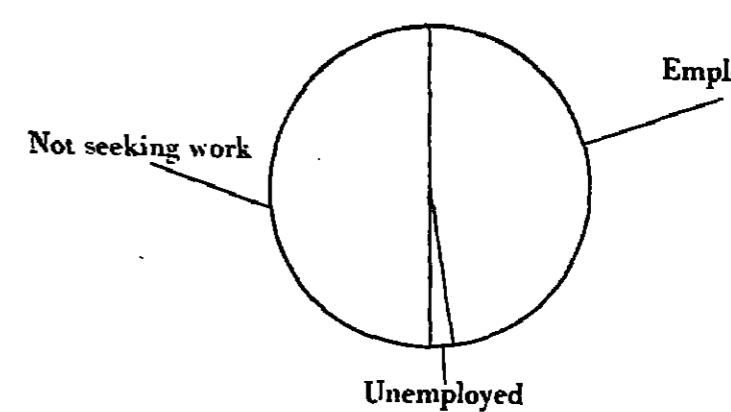
government will have to borrow around 20 percent of that amount and 20 percent of the budget will go for debt service on past borrowings. Social spending has already been frozen for three years and the government is now considering an increase in taxes.

The government's debt situation is not as serious as that faced by the United States and some European countries due to Japan's high savings rate, which is likely to remain high so long as Japan does not provide comprehensive welfare benefits, thus providing an incentive for continued savings.

But the aged may have to pay for that state of affairs, especially when they will have to depend on a smaller working population, which may be less committed to the work ethic than previous generations.

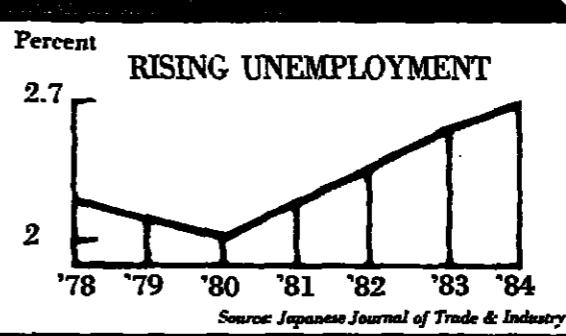
A NATION AT WORK

Of Japan's 120 million people, almost half — 56 million — have jobs, while 1.52 million continue to seek work.



Source: Management and Coordination Agency, January 1985

Graphics: Isobel Carr-Mount/IFT



Source: Japanese Journal of Trade & Industry

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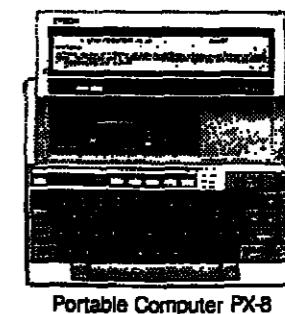
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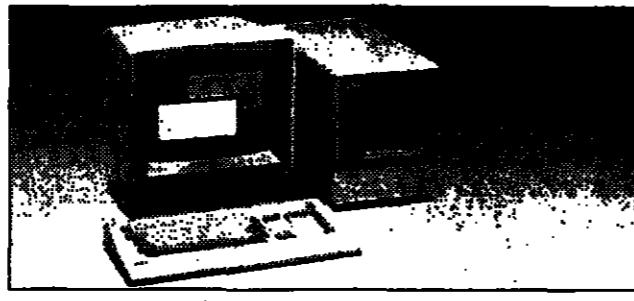
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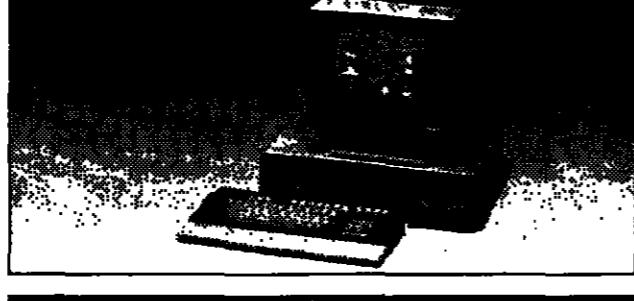
1 M343SX. 16-bit multi-user system.

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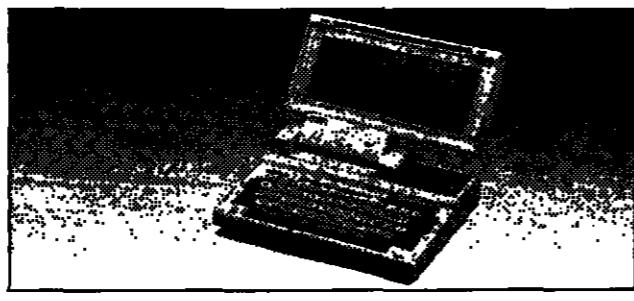
2 M68. 8-bit/16-bit desktop system.

Offers multiple operating systems, just as the M343SX, and a 16-bit/8-bit CPU design which enables it to run both 16-bit and 8-bit software, including PIPS, BASIC, and all CP/M-based programs.



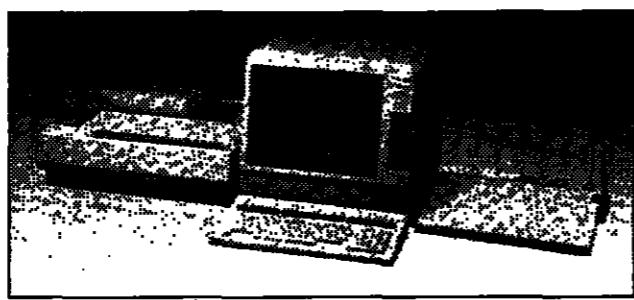
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A SPECIAL REPORT ON JAPAN

Secondary Suppliers Keep Engine Running In Good Times and Bad

By Darryl Gibson

TOKYO — The names of Japan's industrial giants, Matsushita, Hitachi, Nippon Kokan, Honda, Toyota and others, have become synonymous with industrial power of this decade, but this success does not spring from technological and managerial advances alone.

In the rigidly hierarchical structure of Japanese manufacturing, the famous rest comfortably atop a pyramid of secondary and tertiary suppliers, which not only keep the economic engine firing smoothly in good times, but also act as buffers to soften the blow of economic downturns for their main partners.

For despite the fame and size of the giants, Japan's economy rests mostly on small and medium-size businesses that supply the parts and labor for the companies at the top.

In 1981, the last year for which complete figures are available, there were 713,000 Japanese manufacturers employing 10.6 million people. Compared with the United States, where 312,000 corporations employed 21.9 million, the predominance of small and medium firms in Japan is clear.

On average, Japanese manufacturing firms employ only 15 people, while in the United States the comparable figure is 60. And when companies employing fewer than 100 people are included, fully 58 percent of Japan's labor force worked for small companies compared with 25 percent in the United States.

At firms in Japan with fewer than 300 workers, 65.5 percent were subcontractors. What this means for the Japanese employee's

Philippines, where low-paid workers fill Japanese orders.

But even at home the company must save.

Each spring, throngs of female high school graduates are recruited to fill the ranks on hand assembly lines. Few last more than a few years, so the predominately female labor force is at the low end of the wage structure and the male managers, most of whom can expect lifetime employment, spend much of their time training new workers.

At the next level down, the company's own suppliers often work at home or at other small premises to manufacture plastic fittings or similar small articles on a piecework basis.

In boom times, the company's assembly lines are full and the tertiary suppliers work hard to meet demand for the assembler. But when the economy slows, the secondary work force is trimmed by quick attrition and no hiring of new graduates, while workers on the tertiary level either must look for new jobs or return to their rice fields.

At the top, belts are tightened, but layoffs are rare. The lower-ranked firms squeeze their work force and, in turn, squeeze those below them.

On the positive side, however, the close relationship means that technology is often shared with affiliates and independent suppliers more quickly than might happen otherwise and efficiency is increased markedly.

With so many firms dependent on the corporation at the top, adaptation to change is faster than in systems where suppliers are at arm's length from their customers.

In the rigidly hierarchical structure of Japanese manufacturing, the famous rest comfortably atop a pyramid of secondary and tertiary suppliers, which ... soften the blow of economic downturns.

position within the hierarchy is all important.

At the industrial giant, employees can expect relatively high wages, substantial company benefits, often including housing or help in purchasing a home, and a virtual guarantee of lifetime employment.

At the secondary level, the salaries and benefits slip considerably.

For those relegated to the third level, the wages, benefits and guarantee of a job are all subject to the whim of the employer.

Within the auto industry for example, a recent study showed that an unnamed giant had direct relations with 168 primary suppliers, 5,437 secondary subcontractors and 41,703 tertiary subcontractors, all producing parts and services.

The pressure to supply with economy and reliability increases with each step down the pyramid. At the secondary level, where the companies are large and often directly affiliated with the giants, the demands are already great.

A manufacturer outside Tokyo, for example, supplies cables and wires to most of the majors, but in each case delivery must be made in a truck built by the buyer. A load of finished parts for Toyota requires a Toyota delivery truck, just as a load for Nissan requires a Nissan.

The expense in simply meeting the logistical demands of delivery puts extraordinary pressure on the company. To cope, the firm has gone offshore, mostly to cheap-labor countries like Thailand and the

While there is mounting union pressure for greater integration of the manufacturing economy, the picture is unlikely to alter soon. Unions are generally one-company affairs and have little say beyond day-to-day operations and annual wage negotiations with their own firms.

The one factor that may precipitate a change in the "pyramid" is technology. For despite the overall welcoming of innovation and the rapid sharing of new manufacturing discoveries, the fragmentation of the industrial structure makes sweeping technological change hard to implement.

At tiny subcontracting firms where only the boss and a handful of workers turn out a single component, the capital to institute robotics, computers or simply new mechanical devices is lacking. The top manufacturers, when trying to automate beyond simple assembly operations, increasingly are finding that the lower echelon is where the change is needed.

The growing recognition of the need for systemic, rather than simple corporate, change may lead to greater capital flows and more benefits at the subcontracting level in the long run, but the job of coordinating operations at thousands of firms is clearly going to be long and complicated.

In such an event, the social impact in Japan is likely to be as great as the technological.



Office workers in Tokyo's business district.

Venture Boom Spawns An Innovative Breed Of Young Entrepreneurs

Special to the IHT

TOKYO — It is fashionable to talk of a new "venture boom" in Japan. American-style venture capital, it is often said, is creating a new class of Japanese entrepreneurs.

According to the newsletter Japan Financial Report, the biggest and oldest venture capital firm, Japan Associated Finance Co., known as Jaico, an affiliate of the country's biggest securities firm Nomura, has made big loans to consumer finance companies called *zarokin*, or loan sharks.

Hardly venture businesses, they do offer high interest returns. Similarly, Nikko Venture Capital, another brokerage affiliate, has reportedly invested half its capital in a property subsidiary of the giant Matsushita electronics group.

So where are all the entrepreneurs? The Trade Ministry reports that around 2,000 firms have received venture capital in recent years. The biggest share has gone predictably to electronics firms followed by telecommunication financial firms and computer software.

Japan's biggest financial newspaper, the Nikkei Keizai Shimpo, recently took an opinion poll of new entrepreneurs in order to try who they are and where they come from. Of 1,697 people polled on 541 answered the questionnaire. Nevertheless, the responses were revealing.

About 80 percent of the company presidents that responded had previously been employed at big Japanese companies, but mostly lowly positions. They have left voluntarily. Roughly 45 percent of respondents had come from the research and development or design departments of big firms. Respondents reported that only a third of the employees of their companies have previous working experience. Two-thirds are new graduates school leavers.

Most important of all, the Nikkei Keizai survey stressed that many of the so-called "venture businesses" were actually firms spun off by big companies. Electronics firms such as Toshiba, Fujitsu and NEC are fond of spinning off divisions to form new software and computer graphics firms, especially. The spin-offs then operate in a more independent entrepreneurial way than the parent but have the parent's backing.

Industry Associations Protect Old, Nurture New

By Susan Moffat

TOKYO — Trade associations in Japan act as both nurturing mother bears and as fiercely protective mother bears.

In the 1950s and 1960s the associations, known as *kyoikai*, midwifed Japan's emergence as a world leader in heavy industry. Now they are trying to discipline Japan's fiercely competitive high-technology industries into joint research and development projects and standardization efforts.

But as Japan's enterprises mature along with its economy, some major corporations, including those in newer industries, seem ready to come out from under the tutelage of trade associations — and their headmasters in government bureaucracies such as the Ministry of International Trade and Industry.

But the heads of the top five steel companies still meet each week in the Getsuyokai (Monday Club) along with ministry officials to forecast demand and discuss production levels. They get together at the headquarters of Keidanren, the federation of economic organizations, the mentor of Japan's 23,573 trade associations and one of the greatest concentrations of power in Japan.

On the other hand, the president of the computer industry association recently complained to the U.S. trade representative, William E. Brock, that the Japanese computer industry was suffering from excessive competition because the association could not control the unruly members of its robust sector.

Associations of growing high-tech industries are not generally

able, nor even desirous, of carrying out protectionist aims through cartels, as do associations in declining industries such as textiles, steel, petrochemicals and paper.

What they will do is monopolize standards and certification procedures, an action that often effectively blocks foreign products, U.S. trade negotiators say.

The United States finds the proposed inspections institute for telecommunications products whose directors consist of major Japanese manufacturers, a particularly glaring example of the power of government-sanctioned industry groups over international trade.

However, the main telecommunications association has more than 200 members, the electronic associations over 600 members, and observers say they are far less unified than associations of older industries. But associations of industries both booming and declining share common patterns of patriarchal influence over their trade.

The small businessman has little say as to the direction the industry will take, but he can rest assured that the big companies will stick to the principle of protecting the weak for the good of all; industry leaders may be all-powerful, but they are not ruthless.

The view that a balance of competition and cooperation among enterprises is essential to the health of an industry is a tenet shared by most trade associations and the Ministry of International Trade and Industry.

The associations of MITI work out common goals through a complex network of personal connections based on old-school and former-job ties that make the process

of industry-government cooperation invisible to the consumer and difficult to prosecute for the Fair Trade Commission.

Often, as in the Monday Club of the Steel Association, the presence of MITI officials legitimizes what many would call cartel-like behavior under the guise of "administrative guidance," the moral persuasion regularly dispensed by MITI that is practically, though not legally, binding.

"Administrative guidance" is the bogeyman of the Fair Trade Commission. "Cartels" is its official term.

Individual monopolizers are rare in Japan. As in everything else, it is a matter of group rule. Of the 765 cases decided by the FTC since the establishment of the Anti-Monopoly Act in 1949, the majority involved trade associations.

Individual monopolizers are rare in Japan. As in everything else, it is a matter of group rule. Of the 765 cases decided by the FTC since the establishment of the Anti-Monopoly Act in 1949, the majority involved trade associations.

And the most celebrated violation of the act by a trade association pointed even industry fingers at administrative guidance.

After the first oil shock in 1974, the Petroleum Association and 17 oil company officials were criminally charged with price fixing. The defense they pleaded blamed administrative guidance for leading them astray from paths of free trade.

The Tokyo High Court did not accept the argument, or at least it did not dare prosecute MITI officials. It was the industry association that got hurt. But a leading newspaper printed the names of 50 former MITI officials, including five former deputy ministers, who had retired into executive positions within the oil industry.

The case was finally concluded in 1984, when the executives were fined and received suspended sentences.

But in the intervening 10 years the Fair Trade Commission slipped back into its earlier timidity. Recessions had helped strengthen the cartelizing nature of the associations and the number of trade association-related decisions by the commission declined from 33 in 1973 to two in 1983.

In fact, last December, when a small gasoline retailer tried to beat the MITI-Petroleum Association system by importing cheap gasoline against administrative guidance, it was thwarted when banks suddenly pulled out its credit. But the commission did come to the consumers' rescue, it had in 1974.

Even under present favorable economic conditions, there are legal cartels in Japan that are exempted from the Anti-Monopoly Act, some for reasons of structural adjustment (that is, reduction of overcapacity), others to aid revitalization (for example, product specialization by enterprise).

The number of exempted cartels is decreasing, commission officials say. But observers agree that there are many cartels in Japan operating without the benefit of legal protection.

It is hard to track down specific acts of restriction of competitive government complicity in some cases, but it is easy to trace cartels of MITI and other bureaucrats who after forced retirement into executive positions within the oil industry.

(Continued on Page 15)

FLEET DIVERSITY

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A SPECIAL REPORT ON JAPAN

Middle Class Discovers the High Life

By Mariko Fujiwara

TOKYO — A survey last year conducted by the Prime Minister's Office shows that more than 90 percent of the Japanese view themselves as middle class. The further stabilization of consumer prices and continued increase in income, though small in both nominal and real terms, have helped the Japanese feel relatively secure in their middle-class standard of living in a time of slow economic growth.

Consumer prices rose only 1.4 percent in fiscal 1982 and 0.9 percent in fiscal 1983, marking a record low for two consecutive years out of the last 25. The average monthly income of a wage-earning household in 1982-1984 was 409,000 yen (\$1,573), a 1.5-percent increase in real terms from the year before.

Today, Japanese homes are notably better equipped with home appliances than most American and European homes. The Japanese are content to know that their standard of living has reached that of Western industrialized nations, except perhaps in the sizes of their homes.

There is a growing tendency among the Japanese in recent years to seek greater personal fulfillment beyond material wealth. Since 1978, surveys show that those who seek this out have outnumbered those who wish to improve their life in terms of possessions. In a 1983 survey, 46 percent viewed personal fulfillment as the most important thing in their lives while only 37 percent wanted greater material wealth.

Four basic changes in the consumption patterns of Japanese families reflect this shift in the value system: an increase in expenditure on services, a trend toward quality buying of durable goods and services, a rise in spending on leisure and education, and an increase in the use of consumer credit.

In 1982, 43.4 percent of household expenditure was for services, 56.6 percent for goods; the ratio of service expenditure to new almost 11 percent since 1965, 1.5 percent since 1980.

The ratio for selective expenditure has been higher in service consumption than in goods consumption. For goods, 54.3 percent is indispensable and 45.7 percent selective. Demand for services is expected to increase steadily with the growth of income.

Japanese families today spend more on both selective services such as laundry and dry cleaning, remodeling of homes and automobile maintenance, touring and dining out, and dispensable services such as auto, lighting and fuel, transportation and communications.

With the shift toward greater personal fulfillment in the value system, the quality orientation is evident in consumption of both goods and services. A survey of family income and expenditure showed that there has been a trend toward higher quality durable goods purchased at higher cost. The 1983 report by the Hakuhodo Institute of Life and Living also indicated that such quality goods as multiplex television, central heating, solar-water heating, stems and custom-made items rank very high in the items the Japanese want to purchase in the near future.

In services, the stronger quality orientation is evident in preferences for more tailor-

made services and personal services given in the home.

The increase in leisure time also means greater possibilities in improving the quality of life in general. Workers work fewer hours and take longer holidays. Housewives, with more home appliances and more convenience goods and services offered to them, spend less time doing housework. Mothers with fewer children spend fewer hours caring for them.

The average number of work hours per month decreased to 174.6 in 1982, 14 hours less than in 1970. The average annual increase rate of sport-related expenditure in 1975-1982 was 8.7 percent, significantly higher than the 1.2-percent increase for the entire consumption expenditure.

In the hope of giving them a well-rounded education, many parents give their young children such lessons as piano, swimming and abacus. As the children grow older, parents spend a lot to send them to

cramming schools. The majority of pupils in junior high school have special tutoring sessions two to three days a week, which costs an average of 13,800 yen a month, according to a 1984 Sanwa Bank survey. Today, the costs of extracurricular class and tutoring make up 11 percent of the entire expenditure on education.

With the new leisure-oriented generation of Japanese growing older and joining the mainstream of society, the use of credit is becoming more popular. In 1982, 57 billion credit cards were issued; the number doubled in three years.

Mariko Fujiwara is director of English publications and overseas research at the Hakuhodo Institute of Life and Living.

WHERE THE PAYCHECK GOES

Average Monthly Earnings (in yen)	% of income	
405,517	Gross income	
344,113	Net income	84.8
Partial breakdown of disposable income		
	% of net income	
272,199	Living Expenditure	79.1
72,099	Food	20.9
28,703	Housing, fuel and light	8.3
18,910	Clothing and footwear	5.5
6,436	Medical care	1.9
10,414	Education	3.0
23,462	Reading and recreation	6.8
71,914	Propensity to save	20.9

Note: For salaried worker households, 1983. Average number of people per household: 3.79.

Source: Japan Institute for Social and Economic Affairs

Defining the Upper-Class Strata: No Single Group Pulls the Strings

By Barbara Casassus

TOKYO — Only a handful of Japanese consider themselves upper class, not that the term has anything to do with the clearly defined, conflict-ridden stratification familiar to the West Europeans.

No single elite group pulls the strings in Japan. It is full of what sociologists call "status inconsistencies," where position in one sphere has no automatic ripple effect. And since World War II, there has been a considerable difference in upward mobility between generations.

Professor Seisaburo Sato of Tokyo University, the breeding ground of top civil servants and industrialists, places the Japanese elite in four categories: leaders of the ruling Liberal Democratic Party, ranking bureaucrats, top corporate managers and the less influential intellectuals, who are mainly scholars in top universities.

Academics are divided over many aspects of who takes precedence over whom in the nation's life. But they concur in the view that since the economic boom of the 1960s, politicians and industry have strengthened their grip at the expense of the bureaucracy, once heralded as the driving force behind Japan Inc. Nonetheless, civil servants' power is considerable — and a par with their counterparts in France — and their prestige remains high.

According to Professor Shioichi Watanabe of Sophia University, the Liberal Democratic Party has been in power so long that veteran parliamentarians know the laws of the land better than some civil servants, and industry can operate more freely now that certain government controls have been lifted. "At retirement, senior civil servants are starting to have difficulty in securing second jobs in the private sector," he says.

The pecking order within industry has become blurred. Traditional smokestack manufacturers are losing status as the industrial structure shifts to high technology and services. But this phenomenon "has yet to be reflected in the leadership of the influential business organizations, such as the Keidanren [the federation of economic organizations]," Professor Yasuaki Murakami of Tokyo University said.

Sociologists disagree over whether such postwar conglomerates as Matsushita, Sony and Honda belong to the establishment. Some still regard

them as entrepreneurs, along with such companies as Seibu, Kyocera and Daiti, while others point to the eminence of personalities like the Sony chairman, Akio Morita, whose influence extends beyond the boundaries of the business in which he is directly engaged.

Another issue where consensus is lacking is whether class distinctions are hardening and a *newer* rich emerging. Statistics show that wage and personal-asset gaps are widening. Many owners of small and medium-sized enterprises are significantly wealthier than major corporations' salaried presidents, who have risen through the ranks. These owners are spending their disposable incomes with increasing flamboyance — on lavish marriages for their daughters, expensive clothes for their wives and jewelry for their dogs.

Inheritance tax is draconian, but smaller companies can circumvent the problem by nominating family members as directors and managers.

Money alone does not transform a Japanese into a perceived member of the elite. Former Prime Minister Kakuei Tanaka is an example. He has wealth and, despite indictment in the Lockheed bribery case, retains political power. But he does not have the "right" educational background.

The "examination hell" illustrates the importance of academic credentials. The principle of equal opportunity for all, which allowed the offspring of the poor to reach Tokyo University, no longer applies. The costs of education, including preparation for exams, permit only the better off to finance their children through the fierce competition.

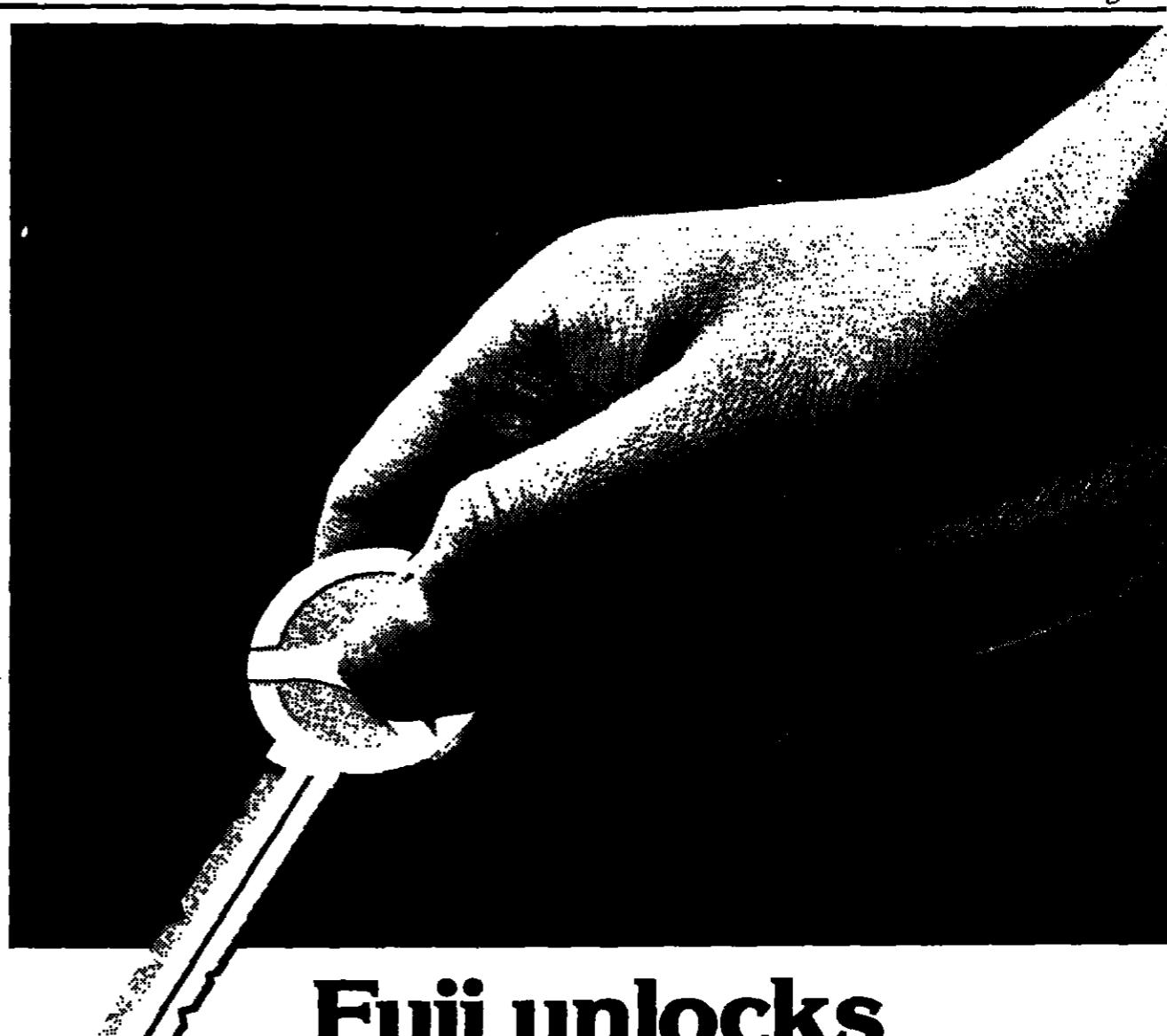
Perhaps surprisingly, the institution's supremacy among bureaucrats and corporate executives does not extend to the present generation of political leaders. No more than a substantial minority of the heads of the five factions of the Liberal Democratic Party and their heirs apparent are alumni of Tokyo University.

Politics is one area where the *de facto* hereditary rights can prevail. Constituencies are handed down from father to son, although power within the party is not guaranteed to follow.

With the postwar land reforms, the breakup of the *zaibatsu* corporate empires and abolition of the 19th-century *zaibatsu*, many wealthy families lost a great deal of their assets and influence. Some have faded into the haze of the middle class and it is

(Continued on Next Page)

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A SPECIAL REPORT ON JAPAN

Trains Take Back Seat to Cars As a Means of Moving People

By Marc Beauchamp

TOKYO — In Japan, a nation that boasts one of the world's best mass-transit networks, the automobile has managed over the past 25 years to dethrone the train as the No. 1 way to move people.

In 1960, according to the Ministry of Transport, cars carried just 4.7 percent of passengers (on a passenger-kilometer basis). Today, they carry 43 percent, a ninefold increase. Meanwhile, the share carried by train dropped from 75 percent to less than 40 percent.

This turnaround has occurred despite the disadvantages of owning a car in Japan — steep taxes, road tolls, \$2-a-gallon gasoline, traffic jams, parking shortages — and despite Japan's clean, efficient and safe trains, subways and buses.

Indeed, Japan is a country that is well suited for mass transit. Of its 119 million people, 75 percent live in cities served by extensive, if crowded, public transportation.

With so many reasons not to own

a car, why are the Japanese forsaking the railroad for the highway?

The major reasons are byproducts of Japan's prosperity. Rising living standards have simply made cars more affordable. In the 1960s, when Japan's gross national product was growing at double-digit rates, car ownership climbed an average of 35 percent a year.

Meanwhile, public transport has fallen behind the demand caused by population growth and the migration of millions of Japanese from the countryside into major industrial centers.

The growth in the use of autos, trucks and airines in the postwar era has been especially bad news for the Japanese National Railroads, the government-run organization that owns 80 percent of the country's rail network.

Besides losing passengers, the JNR, saddled with money-losing rural lines, high construction costs of its three high-speed "bullet" train lines and a bloated payroll, is forecast to lose \$6.8 billion in the year ending March 31. In the

red every year since 1964, when it



From left: Automobiles jam the Ginza, the high-speed bullet train, and a packed Tokyo subway.

Ken Saito

opened its first and only money-making bullet line, the JNR has run up deficits of more than \$84 billion, equivalent to the outstanding foreign debt of Mexico. The government is now studying a plan to break up JNR and sell it to private interests.

Besides losing passengers, the JNR, saddled with money-losing rural lines, high construction costs of its three high-speed "bullet" train lines and a bloated payroll, is forecast to lose \$6.8 billion in the year ending March 31. In the

red every year since 1964, when it

lost lines. Japan's 14 major private railroads specialize in passenger service but avoid competing directly with the JNR by radiating out from urban areas. Yet the prosperous private railroads are, in fact, more business conglomerates than simply rail companies — most of their profits come from interests in real estate, department stores, amusement parks, even baseball teams.

The major problem facing Japan's transport system is crowding. Inadequate government investment, coupled with the rapid

growth of major urban areas in the past 25 years, has strained the capacity of transport facilities.

Yet despite this, stations are virtually spotless, trains frequent and on time, vandalism and crime almost unknown. Fares are relatively modest and maps, schedules and color-coded transfer instructions are easy to follow. In major cities, station names and other information are also given in English.

Japan's transport system is likely to remain overloaded for years to come. The government is not in a

Foreign Cars Lend an Air of Snobbery — and Defiance

TOKYO — Considering the cost and problems involved in owning a foreign car here and the dubious image imports have in conformist Japan, it is hardly surprising that ownership of one implies an element of snobbery — and, at times, defiance.

Shipping costs and hefty dealer markups put foreign cars out of reach of the vast majority of Japanese. Even a stripped-down Volkswagen Golf costs roughly twice as much as a comparable Japanese car. A middle-of-the-line BMW or Mercedes-Benz costs as much as most Japanese earn in a year.

Last year, 3,097,554 passenger cars were sold in Japan; of that total, only 41,982, or 1.4 percent, were foreign made.

In Japan, all cars, domestic and imported, are heavily taxed, with buyers paying more than \$2,500 per vehicle, about nine times what Americans pay. Imports face even stiffer taxes because they are usually bigger. Cars with engine displacements of less than 2000cc face an 18.5-percent commodity tax and those above that capacity are charged a 23-percent tax. Last year, only 80,000 cars with engines larger than 2000cc were sold in Japan, but 20 percent were foreign made. Automakers like BMW Japan say they face discrimination.

Imports also cost more to maintain and repair. Owners often have to wait for parts to be shipped from overseas, and when they arrive, they cost more. There are fewer than 1,000 outlets for foreign automobiles, compared with more than 12,000 for domestic cars. Many dealers only handle imports as a

sideline, so owners may experience trouble with service.

Imports, especially American cars, tend to consume a lot of gasoline, and that is a consideration in Japan, where gasoline costs about \$2 a gallon (7.6 liters).

Imports are also inconvenient. Most are left-hand drive while Japanese models are right-hand drive. This presents problems when passing another car, parking and paying tolls. Moreover, big American and European cars are harder to maneuver and park in Japan, where streets are narrow and congested.

Besides the cost and inconvenience, there are other, less tangible, problems with owning a foreign car. Because foreign cars are expensive, many Japanese assume the people driving them are rich.

While they may turn heads on the street, flashy foreign cars raise questions at the tax office. Last year, tax authorities, under pressure to crack down on cheaters, announced a new policy to go over the returns of self-employed people who own foreign cars.

With their obvious snob appeal, imported cars often feel jealous, sometimes resulting in vandalism. Officials at BMW Japan report that owners complain of mysterious scratches and dents.

As a rule, the Japanese frown on conspicuous consumption.

Top executives of leading Japanese companies choose domestic models over imports. There is also an image problem with some

foreign cars. If you drive a Volkswagen "Beetle" or a Mini, you may be seen as trendy and internationally minded, but a big flashy automobile might associate you with the yakuza, or Japanese organized crime.

But despite all the reasons not to own a foreign car, the market for imports is recovering from a four-year decline, with the West Germans squarely in the driver's seat.

Foreign-car sales peaked in 1979, the year before the second "oil shock," at 60,161 units. West German automakers — led by Volkswagen, Audi, Mercedes-Benz and BMW — had 55 percent of the market, while Detroit held around 28 percent. Sales of imports slumped as the Japanese economy contracted.

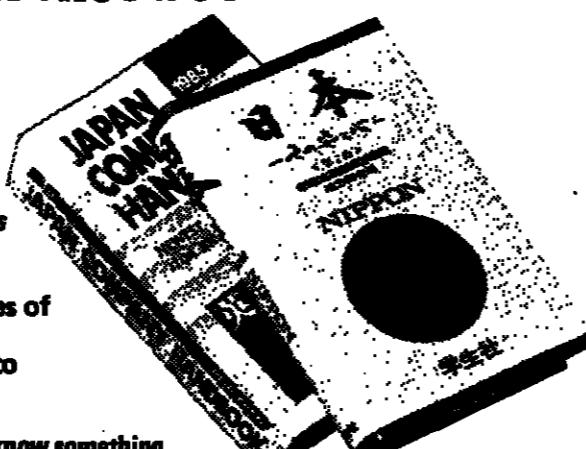
A decade ago, American cars were popular with some self-made businessmen and show-business people but U.S.-made cars share since developed a reputation among some Japanese for shoddy workmanship and poor quality. West German cars, on the other hand, are perceived as better engineered, better made and classier.

— MARC BEAUCHAMP

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Q. 2 Of the companies checked, please indicate if you know their product names or business line.

Q. 3 Please check two companies which interest you most and list the reasons why in the space provided. Thank you.

	Q1	Q2	Q3
Asahi Optical Co.			
Brother Industries, Ltd.			
Canon, Inc.			
Casio Computer Co.			
Citizen Watch Co.			
C. Itoh & Co.			
EPSON Corp.			
Fujitsu, Ltd.			
Hattori Seiko Co.			
Hitachi, Ltd.			
Hitachi Zosen Co.			
Honda Motor Co.			
JVC			
"K" Line			
Kawasaki Steel Corp.			
Komatsu, Ltd.			
Kubota, Ltd.			
Marubeni Corp.			
Matsushita Electric Industrial Co.			
Mazda Motor Corp.			
Minolta Camera Co.			
Mitsubishi Corp.			
Mitsubishi Electric Corp.			
Mitsubishi Heavy Industries, Ltd.			
Mitsubishi Motors Corp.			

	Q1	Q2	Q3
Mitsui & Co.			
Mitsui O.S.K. Lines, Ltd.			
Nichimen Corp.			
NEC Corp.			
Nippon Kogen K.K. (NKK)			
Nippon Steel Corp.			
NYK Line			
Nissan Motor Co.			
Nissho Iwai Corp.			
Oki Electric Industry Co.			
Olympus Optical Co.			
Pioneer Electronic Corp.			
Ricoh Co.			
Sanyo Electric Co.			
Sharp Corp.			
Shiseido Co.			
Silver Seiko, Ltd.			
Sony Corp.			
Sord Computer Corp.			
Sumitomo Corp.			
TDK Corp.			
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Toshiba Corp.			
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The Upper Class: Hard to Define

(Continued From Previous Page)

debatable whether their ancestry gives them more than a hint of prestige.

Others have rebuilt their fortunes on an unprecedented scale and enjoy an added gloss because of their distinguished origins. These include the Mitsuis and Mitsubishi, who were barons.

One thing is sure: the status of forbearers matters to the individuals concerned.

In his book "Japanese Business Leaders," Mamoru Hiroshi states that as recently as 1970, about a third of respondents in a survey claimed to be descendants of samurai, who lost their privileges in the Meiji Restoration of 1868.

The imperial family and their relatives, however remote, are impervious to swings in the social structure.

"Even the prime minister's standing is negligible in comparison.

The emperor means about the same to the average Japanese as the pope does to Roman Catholics," Professor Watanabe said.

Royalty, with parliamentarians as runners-up, appear to be the only exceptions to what has been described as the most changeable society in the world.

purchase robots, it has not made similar efforts for the services.

It is not that possibilities do not exist. There are already prototypes of robots to clean floors or windows, to serve drinks and the like. But the last thing the ministry wants is to throw cleaning women, waitresses or maintenance men out of work.

Another reason for the anomaly of growing services employment despite automation is that the authorities are seriously worried about a decrease in jobs in the sector at the very time that automation is really creating unemployment in manufacturing. There, the process of automation, which has advanced to robotics and has gone as far as "unmanned factories," is destroying jobs at a fast pace. The unemployed must go somewhere and the services have always been the employer of last resort.

Since it has to secure work for about 3 million more people, the Ministry of Labor does not want to see a reduction in traditional services.

Japanese society does not seem ready to tolerate the loss of service

jobs either. The onslaught of automation has been undercut nearly turned back by what appear to be mere foibles of our culture. Some people do like to do certain jobs themselves and prefer to have them done others. That is the very nature of service industries.

More generally, the Japanese like to have people to serve them. They enjoy going to bars, restaurants, game centers, golf courses and so on. Those who prefer the best service, which uses more people, are likely to look after them and them like the distinguished citizens they are (or want to be). The fact that this lavish use of personnel does not bother them is willing to pay the bill.

Jon Woronoff is the author of several books on Japan including "Japan's Wasted Workers" (1981) and, more recently, "The Japan Syndrome" (1983).

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Society Remains Unchanged Despite 'New-Media' Boom

By Martin Roth

TOKYO — The Japanese call them "New Media," those communications systems seen as the wave of the future, such as videotex, cable and satellite television and various forms of computer information networks. And for the past few years the country has been in the grip of a New Media boom, with well over 100 books published on the subject and a flurry of government and private surveys and reports.

Yet, despite this interest, Japanese society has so far remained remarkably unaltered by the telecommunications revolution.

"There are no electronic cottages," said Richard Green, senior representative of Baring Far East Securities, which for several years has been carrying out a series of surveys of the Japanese electronics and telecommunications industries. "People still want to get out of their houses to work, and the housewives go out shopping every day. Tele-shopping from home hasn't caught on yet."

In fact, some people see the New Media as a tool working against change in Japanese society. In "Interactive Home Systems," one of Baring's latest reports on Japan, a market analyst, Alex Stewart, wrote: "Japanese society is also concerned to empower the individual — not, as we may understand that in the West, to make him more individual, but to make him more useful and dependable. Information technology is seen as complementary to this endeavor."

Many observers believe gradual changes are now under way, with younger people increasingly concerned about individual happiness and less interested in their careers.

But these trends are probably precipitated more by factors such as the booming economy and an increase in personal wealth than by the communications revolution, which has hit the country rather late.

Although Japan is a leading developer and manufacturer of electronic equipment, most of its New Media progress has trailed developments in other countries. (This has not always been such a bad thing, as Japan has had the chance to learn from the mistakes of others and has generally been able to develop a more integrated approach.)

For instance, cable television exists in limited form only. On-line data bases are still very underdeveloped. A videotex service called CAPTAIN, for Character and Pattern Telephone Access Information Network, was introduced last year after several years of trials. It allows users to communicate through their television sets with a central computer, but has yet to attract a big following.

Despite a seeming lack of enthusiasm among many Japanese, some companies continue their New Media experiments, although it is still too early to predict the results.

For instance, Hitachi Software Engineering of Yokohama has begun a program of installing personal computers in the homes of its programmers to allow them to work at home. The employees are expected to report to the office only



A worker monitors bottling at a soy sauce factory.

Jungjwan Choi/Corbis Press

once or twice each month for instructions.

An experiment in "tele-commuting" by NEC Corp. is probably more in tune with the Japanese character. Instead of having em-

ployees work in their homes, the company has established a satellite office in a large residential area, connected by computer communications to the head office. Groups of employees living in that area work together on data processing.

One of the most innovative retail firms in Japan is the Seibu group of department stores. It has just opened a new store in Tsukuba

Science City that features a video

network that will allow local used-car dealers to feed in information about automobiles for sale.

Shoppers will be able to consult a monitor in the store, simply punching in details of the car they are looking for to learn what is available.

The store also features its own studio with a direct link to a local cable television station.

But it is in the coming two decades, rather than in the next couple of years, that Japan is most likely to undergo a transformation, as integrated New Media programs are now being implemented take effect.

In 1981, the Nippon Telegraph

Industry Associations

(Continued From Page 12)

terprises, including high-tech ones, less dependent on government financial assistance.

The swelling power of big business lies in well-managed individual enterprises and not in the consensual organization of industry associations, analysts say.

The ministry, they say, may end up being the defender of the weaker ends of each industry that used to be protected by the group rule of the stronger.

The days when the ministry controlled the import of all raw materials and capital and could thereby control the leading industries — steel, petrochemicals and metals — are gone with the prime of those industries themselves.

And a few observers say that the attitude of some high-tech management toward control of individual corporate rights is different, that there is something of a new breed emerging.

Ministries Vie for Telecommunications Control

TOKYO — When the Japanese government called on two ministries to help draft new legislation last year to liberalize the country's Value Added Network (VAN) rules, the result was unexpected.

For a month the two sides, the Ministry of Posts and Telecommunications and the Ministry of International Trade and Industry, were deadlocked over the question of how far to go in allowing foreign firms to enter the market for VAN, a system of electronic mail that is especially used among companies that do not have computer compatibility.

The Ministry of Posts wanted severe restrictions on foreign participation in Japanese VANs, while the Trade Ministry insisted that there should be no limits on overseas capital.

The issue was resolved when senior politicians of the ruling Liberal Democratic Party mediated, and ruled largely in the Trade Ministry's favor, although allowing the Posts Ministry to retain significant controls.

But in fact, the squabble had been about far more than the entry of foreign capital. According to observers, the Trade Ministry argued for a deregulated system mainly because of its strong desire to deny more power to the Posts Ministry.

And behind this loomed an even larger issue: which ministry will gain long-term control of the crucial electronics and telecommunications industries in Japan.

Further controversy has arisen over the planned privatization this year of the Nippon Telegraph and Telephone Public Corp., oper-

ator of Japan's domestic telephone services. Details are still not final, but the Posts Ministry will exercise authority over the issuance of shares. It has proposed the establishment of a special corporation that would receive one-third of the Nippon Telegraph shares and would use the dividends to support the development of basic telecommunications technology.

Which of the two ministries will predominate is still far from clear. Will the Ministry of Posts and Telecommunications become the new Ministry of International Trade and Industry, protectionist and powerful? Many people believe that the Trade Ministry could end up taking over some of the functions of the Posts Ministry.

— MARTIN ROTH

A Nation's Minorities: A 'Nonexistent' Social Problem That Refuses to Go Away

By Peter McGill

TOKYO — Japanese pride themselves on having a "homogeneous" race, culture and society. "We're fortunate in not sharing your country's social and racial problems," visitors will often be told. Should the visitor insist that Japan surely has its own minorities, the reply will usually be, "Yes, but they're very small in number."

Since Japan's three main minority groups account for only 2 percent of the 120 million population, such complacency may not be surprising.

Yet this year alone, the central government intends to spend almost 220 billion yen (\$346 million) in aid to just two of these groups and local governments have also set aside billions of yen for this purpose.

The *burakumin*, Japan's largest minority group and the biggest recipients of government aid, officially ceased to exist more than a hundred years ago, when the Meiji government abolished the remnants of the feudal system. At the bottom of this pyramid had been the *eta* ("full of filth") and *hinin* ("nonhuman"), the untouchable classes.

The *eta* worked in "unclean" occupations connected with death as undertakers, gravediggers, animal slaughterers or leather workers who tanned hides. *Hinin* were largely entertainers, also considered "impure." Marriage by other Japanese with members of these castes was forbidden and they were forced to live in segregated areas, the *buraku* (villages or hamlets), from which the modern name *burakumin* derives. An edict in 1871 officially abolished their inferior status but discrimination, fed by their still taboo status, persists into the 1980s.

burakumin live in 220 ghettos, clustered around the Sumida river in the north of the city.

On the site of a crematorium and slaughter houses, Arakawa ward by the Sumida is now the center of Japan's billion-dollar-a-year leather industry, thanks to the *burakumin* retaining their monopoly in this formerly "polluting trade."

Like the *burakumin* families who control much of Japan's beef industry, this domination of animal trades has international repercussions. While Japanese pay high prices for shoes, leather goods and beef because of such inefficient monopolies and government protection of them, Japan is unwilling (or unable) to agree to open the market to cheaper foreign beef and leather. As Tokyo negotiators explain to irate officials from the United States and Australia, to do so would risk creating unemployment among the *burakumin*, risking a political upheaval.

The buyers of the lists were revealed by the militant Buraku Liberation League, and humiliated company presidents were pressured by the league to make big donations to the *burakumin* or, in the case of one major bank, to hold compulsory "human rights" classes after work for the staff. The league since then reports it is continuing to turn up lists and that prejudice against hiring *burakumin* in good jobs is unabated.

Today, the government recognizes 1,162,583 *burakumin* in Japan, but even officials concerned with the problem admit there may be at least 3 million, as many have left the ghettos in an attempt to "pass" as ordinary Japanese and avoid prejudice in marriage and employment. Most of the ghettos are concentrated in the Kansai district or Kyoto-Kobe, in the northern part of Kyushu Island and in parts of Shikoku Island. There are, however, many *buraku* around Tokyo in Nagano, Saitama and Gunma prefectures. Within metropolitan Tokyo, an estimated 400,000

unemployment in many *buraku* such as Ashikaga is up to 20 times the national average and more than twice as many *burakumin* work as day laborers than other Japanese.

The *Ainu*, Japan's other "indigenous" minority, have fared even worse. A separate aboriginal race

that came from Western Asia more than 7,000 years ago, the recognizable hairy *Ainu* were the original inhabitants of Japan but were pushed by successive waves of "Japanese" settlers into the northern island of Hokkaido. The *Ainu* continued their traditional way of life on Hokkaido until the 19th century, when Tokyo embarked on forced settlement of the island by Japanese to ease population pressures on the chief island of Honshu.

Most of the *Ainu* were driven from their lands, many "assimilated" with Japanese by intermarriage or taking inferior work such as joining labor gangs. Looked down on by most Japanese as "primitives," there are now only 24,000 *Ainu* left on Hokkaido. About 40 percent still cling to forestry, fishing and farming and another 30 percent are engaged in construction or mining. Many of the rest are on welfare or make a living from dressing up in traditional costumes and making wood carvings for tourists.

This year, the *Ainu* will receive more than 1.24 billion yen in central government subsidies and another 2.9 billion yen from local governments in Hokkaido.

Koreans are another minority issue for the Tokyo government. Annexed in 1910, Korea was part of the Japanese Empire until defeat in 1945. During World War II, millions of Koreans were brought to Japan as forced labor and today's 660,000 Korean residents (by far the biggest group of noncitizens) are those who remained or their offspring.

Japanese and Koreans have a long and bitter history of distrust and racial enmity, with Koreans particularly mindful of past Japanese persecution and exploitation.

Koreans were deprived of their Japanese citizenship and became classed as "alien residents" if they remained in Japan. Until recently, as aliens, they were excluded from many government welfare and assistance plans and still have no civil or voting rights.

In 1952, Koreans were deprived of their Japanese citizenship and became classed as "alien residents" if they remained in Japan. Until recently, as aliens, they were excluded from many government welfare and assistance plans and still have no civil or voting rights.

The alien identity card was especially resented for its requirement that the bearer should be finger-

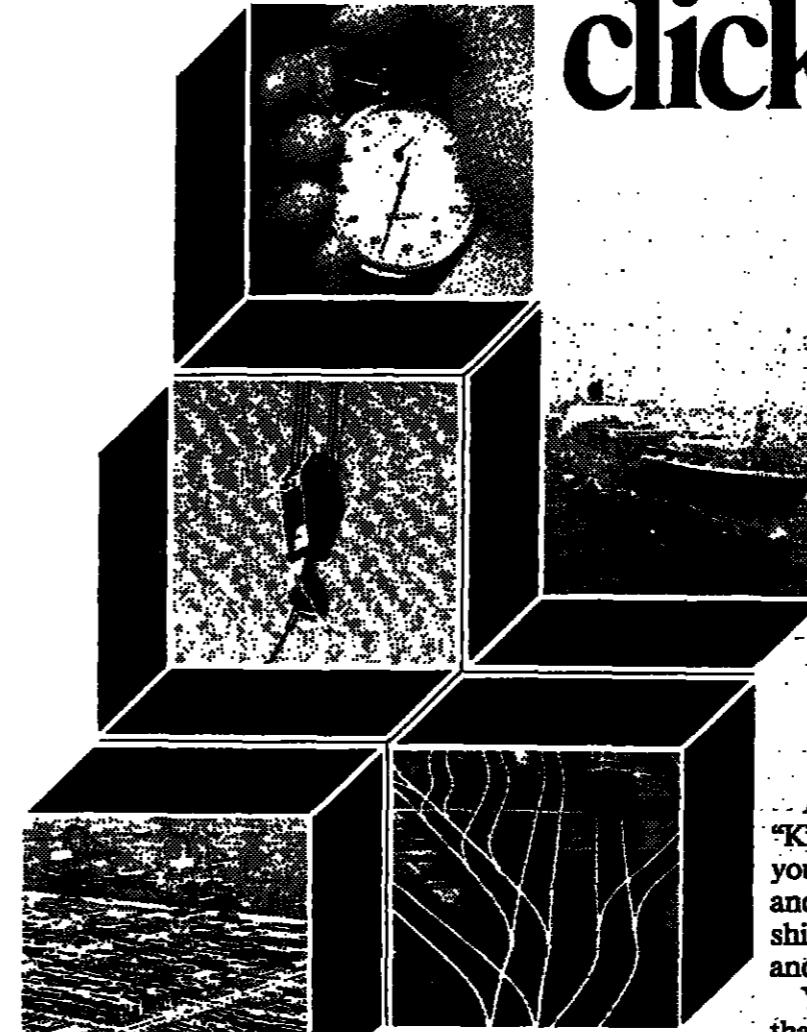
printed, which otherwise applies only to criminals. In recent years, a number of Korean residents have refused to be fingerprinted, and some other foreign residents have joined their ranks in a campaign of civil disobedience.

Koreans in Japan do have the option of seeking "naturalization" as Japanese citizens, but the government requirements for this are

seen as equally humiliating. Applicants must not only offer proof of "assimilation" into Japanese culture (principally, this means an ability to speak Japanese) but must also adopt a Japanese name for official registration. All Koreans

were forced by a law in 1940 to use a Japanese name and the practice has racist overtones for Koreans today.

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A SPECIAL REPORT ON JAPAN

More Women Working, but Inequality Remains

By Nobuko Hashimoto

TOKYO — Japan signed a pledge to end discrimination against women during the United Nations decade for women, which ends this year, but actual changes seem slow in coming.

There are some signs of movement: Last November, the cabinet got its first woman minister in 22 years; an equal-opportunity bill has been the focus of attention in the Diet and the media, and waits to be ratified this year; and women workers, who now account for nearly 40 percent of the work force, are an increasingly important part of the economy.

Many women, too, seem to feel that they are better off now. In a government opinion poll last year, 73 percent of the women surveyed said the position of women had improved in the last 10 years. A greater number of women, 41 percent this year against 34 percent in 1979, disagreed with the concept that "a man's duty is to work, and that a woman should stay at home." The number of women who agreed remained about 36 percent, the same as in 1979.

But even with more women joining the work force, studies show that two out of every five women are unhappy with existing work conditions. Their choices are limited, working conditions are poor and there are too few child-care centers.

Society as a whole has ambiguous attitudes to women who have careers outside their homes. Many families and companies expect women to give up their jobs after they get married or when they have their first child, said Kazuko Kawakami, a woman who recently shifted to a temporary job after she got married.

"I got tired of being criticized by my relatives and colleagues that I was a bad wife just because I wasn't always ready with a cooked meal when my husband came home from work," she said.

Many other women are taking part-time jobs because they are the only ones easily available. A woman looking for a

full-time job quickly learns how closed the market is. Many large corporations shut out women graduates from job interviews because they claim that women have little staying power and quit after a few years to get married.

But women point out that many leave their jobs after a few years because they are frustrated with the little challenges they get and because their male colleagues pressure them to leave to get married after they reach 25, the age by which many still believe women should marry. As one 32-year-old woman analyst in a market research firm said, "Until a few years ago, my male colleagues kept pushing me to get married. Now they've given up, but they also call me an old maid."

Those companies that hire women tend to look for beauty rather than brains, a personnel manager of a trading company admitted recently. Expressions such as "office flower" are still commonly used to describe working women.

Once in their jobs, these fulltime working women find that they earn much less than their male counterparts. Their starting salaries are almost equal, but the gap widens from there. Women earning their peak salaries (in their middle to late 50s) get about half what men make during their peak salary years (in their middle to late 40s), according to the Labor Ministry.

But the official figures suggest that a growing number of working women are getting even less. About half of the working women, or 12 percent of the labor force, are part-time employees earning low wages with no fringe benefits. Most of them are married women, between the ages of 35 and 49, who are returning to work after their children are old enough to look after themselves, according to a report by the Hakubudo Institute of Life and Living.

They usually work about six hours a day, five days a week; their average hourly pay is about 561 yen (\$2.16), about 76

percent of what fulltime working women make, and about half that of men, a Japanese economic newspaper reported. Since they do not belong to a labor union, the companies do not have to give them the protection or the benefits that fulltime workers get. That means no paid holidays, no overtime pay, no welfare benefits, not even written contracts, meaning that they can be dismissed at short notice.

Companies are turning to these women as a "convenient and inexpensive source of labor," according to a Japanese economic daily report. "In fact, these women are supporting the industries," a labor analyst said.

The outlook is that the number of part-time women workers is likely to increase even more with the rapid spread of computerization, and there is some fear the women will put unskilled male workers out of their jobs.

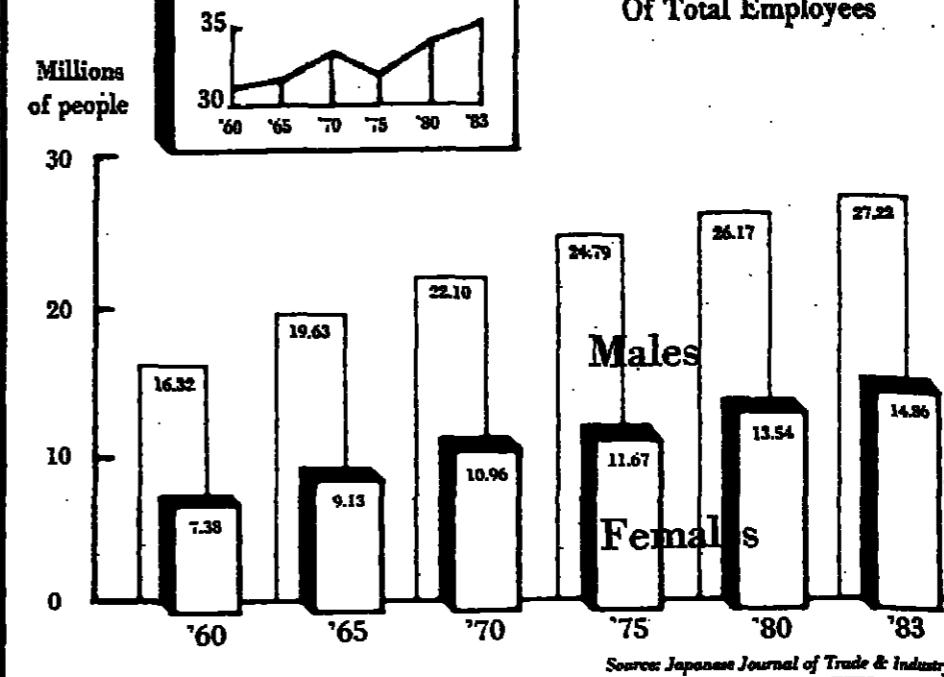
"Since a computer operator's job doesn't require any special skills and can therefore be done by anybody, a company might as well give the job to a part-time woman worker," a social analyst said.

The Hakubudo report cited two themes that often crop up in conversations among Japanese women, particularly housewives: *jizoku* independence, and *ikigai*, purpose in life. Kei Sabashi, founder of Idea Bank, an all-women research company, said that with more and more women venturing out of their homes this way, the Japanese words, *okusan* for wife (literally, "a person of the interior") is becoming anachronistic. Instead, she suggested, they should be called *soto-san*, or "a person who is outside."

But not all women want to be *soto-san* yet. Last year's government survey found that many women are still indifferent to the feminist cause. More than half the women questioned had not heard of the "UN women's decade," while nearly two-thirds did not know that an equal-opportunity bill had been proposed in the Diet.

WOMEN IN THE WORK FORCE

Female Employees As Percentage Of Total Employees



Japan's Welfare System Needs Rebirth for Its Aging Society

By Barbara Slavin

TOKYO — In the next 35 years, Japan will go from having the youngest population in the developed world to having the oldest.

This aging of society will test the country's capacity to adapt to new

circumstances to stem economic decline and cope with profound social changes.

The demographic turnaround is the byproduct of Japan's success in transforming itself from a largely rural nation of extended families into an urban industrial society of small nuclear families.

A bill now before the Diet would abolish the old system and provide a flat, monthly pension of 50,000 yen per month to each retiree, with supplemental income added on according to the amount of past contributions deducted from monthly pay. Under the new system, payments would stay at the present level of about 70 percent of income despite the contributor's longer years of participation.

"It isn't perfect, but it would be an improvement" over the current system, in which highly paid civil servants may retire in luxury while the poor and the disabled receive minimal benefits, Mr. Nakamura said.

Government economists say that the revised system is vital to the health of the Japanese economy itself. They aim to keep the combined welfare and tax burden to 45 percent and hope that extra income for the pensioners will be provided by the pensioners' own savings and part-time jobs taken on by retirees.

the fund," said Takehiko Yamaguchi, director of the pension section in the Ministry of Health and Welfare.

Legislation pending in the upper house of the Diet would unify the administration and financing of major pension programs, extend basic benefits to the entire aged population and limit their levels to the current 68 percent of average monthly income, excluding bonuses.

Such a freeze would keep the pension payroll tax at current 10.6 percent (split by employer and employee), from rising beyond 28.9 percent in the year 2025, when pension payouts will be at their peak.

"That is about the same level of contribution as West Germany at present," said Mr. Yamaguchi. Without the reform, he said, the payroll tax could rise to 38.8 percent. "We think this is beyond the capacity of workers and employers, and the system would collapse."

As in its industrializing phase, Japan is learning from Western experience in organizing its new welfare state. Where the United States, for example, allowed its Social Security pension system to become virtually bankrupt before taking action, the Japanese are trying to look ahead.

"We are reforming our pension system now while it still has more than 40 trillion yen [\$173 billion] in

After Retirement: 'Lucky Ones' Find Jobs

TOKYO — "I am one of the lucky ones, so please don't use my name," said the distinguished-looking elderly man in the blue pinstriped suit.

A retired top official at a Tokyo bus company, he said he got his new job as a translator with a government office through a friend of his former boss. "The president of the bus company himself was retired from a government agency where he had been a kind of big shot," the retiree said.

Because there is a gap between retirement and the pensionable age of as much as 10 years, 70 percent of Japanese retirees find new jobs for financial reasons, according to the Association for the Development of the Aged, a government and business-supported group.

Eighty percent of retirees between the ages of 55 and 60 get a second job, often at the same company or a subsidiary, with the assistance of their first employer, the association says. Another 10 percent find jobs through other means. The remaining 10 percent are unemployed. After age 60, according to the association, only 60 percent of the labor force is working.

Labor Ministry officials say the unemployment rate among the elderly is only 2.7 percent. Agencies promoting employment of the aged say the figure does not take into account many senior citizens who would like to work but have given up because they can find no suitable jobs.

The only organizations providing jobs for the elderly among the general public are the so-called Corporations for the Aged. Founded in Tokyo 10 years ago, there are now more than 200 of these organizations, nicknamed "Silver Talent Centers," employing 100,000 people nationwide.

Under the complicated system,

Tokyo has fifty-four centers, with 34,000 "members," or 2.3 percent of the population over 60, according to Saburo Morita, director of the Tokyo Foundation for the Promotion of Corporations for the Aged.

The centers, which are nonprofit, provide a variety of part-time work, much of it menial and some of it beyond the physical abilities of most elderly people. There is a surplus of jobs for janitors and night watchmen, for example. The centers provide training in crafts such as house painting and gardening, Mr. Morita said, and also try to convince older people to change their attitudes to become more receptive to doing work that may be "beneath" what they did in their professional careers. Members earn on average \$200 a month.

Torazo Nakamura, 73, one of the 600 members of the Silver Center in Tokyo's Minato Ward, began working when he was 11. It was difficult to give up his job as a master tailor six years ago, because of declining business, but "I realized I shouldn't stick to my pride," he said.

A former patron told him about the Silver Center. His first job was at a company that cleans and repairs appliances for foreign residents. Then he learned gardening. In off-season, he does simple piecework at the center, such as gluing together booklets for a watch company.

Mr. Morita estimates that the potential pool for Silver Center workers is at least three times bigger than the membership. He concedes the centers have shortcomings but calls them, "a kind of experiment for the future. We have to prepare a whole menu for the aged to play some role in society, so they can feel life is worth living."

— BARBARA SLAVIN



An elderly woman selling newspapers in Tokyo.
Jungwon Cho/Corbis Press

CONTRIBUTORS

MARC BEAUCHAMP is a business reporter for Kyodo News Service.

GREGORY CLARK is professor of international business at Sophia University in Tokyo.

GEORGE FIELDS, president of ASI Market Research (Japan) Inc., is the author of "From Bonsai to Levi's" (Macmillan, New York, 1984).

MARIKO FUJIWARA is director of English publications and overseas research for the Hakubudo Institute of Life and Living. She was a member of the Economic Planning Agency's Study Group on Changing Consumption Patterns in 1983-84.

DARRYL GIBSON is a Tokyo-based correspondent for Canadian Press.

RICHARD C. HANSON is editor and publisher of Japan Financial Report.

NOBUKO HASHIMOTO is a Tokyo-based journalist who contributes to The Christian Science Monitor.

JILL HENDRICKSON is a feature writer for Kyodo News Service.

PETER MCGILL is the Tokyo correspondent for the London Observer.

SUSAN MOFFAT is a Tokyo-based reporter for Kyodo News Service.

MARTIN ROTH is a Tokyo-based journalist who contributes to Asian Business.

JON WORONOFF has written books on Japan that include: "Japan: The Coming Economic Crisis" (1979); "Japan: The Coming Social Crisis" (1980); "Japan's Wasted Workers" (1981); "Inside Japan, Inc." (1982); "Japan's Commercial Empire" (1984); and "The Japan Syndrome" (1985), all published by Lotus Press.

JACK BURTON, BARBARA CASASSUS, DOUNE PORTER, BARBARA SLAVIN and NANCY UKAI are Tokyo-based journalists.

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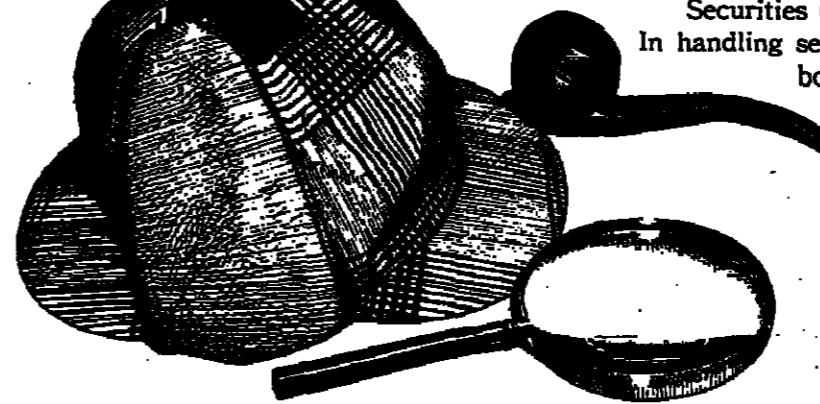
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BUSINESS ROUNDUP

Arab Banking Acquires 5% Stake in SHK Bank

Reuters

BEIRUT — Arab Banking, which already has extensive interests in Europe, said Tuesday it acquired a controlling 75-percent interest in Hong Kong's Sun Kai Bank in a transaction of 360 million Hong Kong dollars (\$46 million).

Arab Banking's president and executive, Abdulla Saudi, said acquisition was part of ABC's efforts to diversify its assets and diversify into areas of the world it did not already have a presence. ABC acquired a 70-percent stake in Spain's Banco Atos; it also holds 93.5-percent stakes in subsidiaries based in Frankfurt and Monaco. Arab Banking is jointly owned by the governments of Kuwait, Libya and Dubai.

Arab Banking's cash flow stands to improve substantially as a result of the net gain.

German Firms' Return Abroad Is 2%

refugee after the Communist takeover of China in 1949, built a huge empire in the colony's boom of the 1960s and 1970s, but ran into problems as property values there slumped in recent years.

William Arthur, Sun Hung's chief executive, said the sale to ABC is part of the company's overall plan to reorganize and concentrate in merchant banking, securities brokerage, China trade and financial services. SHK is 20-percent stake in HK-TV Ltd. for some 480 million dollars earlier this month.

SHK will suffer an extraordinary loss of 186 million dollars from the bank sale, but it will be offset by an extraordinary gain of 230 million dollars from the HK-TV deal, Mr. Arthur said.

Analysts said SHK's cash flow stands to improve substantially as a result of the net gain.

IBM in Accord On Röhm Unit

The Associated Press

NEW YORK — International Business Machines Corp. said it has a conditional agreement to sell the military-computer business of its Röhm Corp. unit to a group of the unit's employees. The Justice Department cleared IBM's \$1.26-billion takeover of Röhm on the condition that it divests the unit, called Mil-Spec.

"We have a conditional agreement that says if we don't receive a bid for Mil-Spec in excess of \$97 million that our preference is to sell to the employees," an IBM spokesman, Peter Kuhn, said.

The spokesman said Data General Corp. and other unidentified parties also have expressed interest in Mil-Spec. The government gave IBM until May 19 to divest itself of the subsidiary.

German Firms' Return Abroad Is 2%

The Associated Press

FRANKFURT — West German companies' return on direct investment abroad in 1984 was about 1.8 billion Deutsche marks (\$329 million), a modest 2 percent, the Bundesbank said in its March report Tuesday.

Such remittances as payments for patents and licenses, which brought about 1.5 billion DM of inflows in the previous year, were not included, possibly depressing the figures.

"Shifting regular profit payout into receipts for deliveries can also occur," the report said, "as a result of price agreements in goods and service business between the domestic and the foreign branches of one group of companies." It noted, however, that currency regulations

may oblige companies to do this.

The Bundesbank said West German companies tended to value their foreign assets carefully, "and, especially in years of good profits, don't pass them on but place them into reserves."

The proposal would require the approval of two-thirds of Arco's shareholders if the company planned to purchase directly or indirectly any of its voting stock owned by a person or group holding more than 3 percent of a class of voting stock for less than two years. Such approval, however, would not be required if Arco bought such stock at or below fair market value or as part of a company tender offer or exchange offer.

Generally, the change is designed to deter a proxy contest or removal of the incumbent board and is intended to encourage those interested in acquiring the company to negotiate with the company.

The reincorporation to Delaware would:

Arco Moves to Construct Anti-Takeover Defense

By Nancy Yoshihara

Los Angeles Times Service

LOS ANGELES — Atlantic Richfield Co. is asking shareholders to approve proposals to block unwelcome takeover attempts and to change the company's state of incorporation to Delaware from Pennsylvania.

In a proxy statement mailed Monday notifying shareholders of an annual meeting scheduled for May 7, Arco said its board has unanimously recommended that the proposals be approved.

One measure is designed to protect Arco from "greenmailers" — individuals who quietly accumulate a substantial stock interest as a prelude to a takeover, restructuring or sale of all or part of a company.

Typically, the stock buyer is not interested in actually acquiring the company but threatens to do so to force management to repurchase the stock at a substantial premium over market value.

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It would also require the proposal to be approved by shareholders without a meeting.

• Continue to classify directors into three classes. However, the change to Delaware would require a two-thirds vote to remove directors, unlike Pennsylvania law which permits removal by an absolute majority of votes.

Japanese Target China's One Billion Consumers

(Continued from Page 17)

Japanese investors in China have compiled lists of enticing statistics. They expect that the Chinese will buy 8 million washing machines this year, a number that accounts for less than 10 percent of the potential market.

So it is that after several years of wariness, Japanese companies have

begun to make large-scale and long-term investments in the Chinese market.

Hitachi, which began its trade with China in 1965 with the sale of electric power-generation equipment, announced last week that it would build a second color-television assembly plant with its Chinese joint-venture partner, thus in-

creasing its annual production capacity from 300,000 units to 700,000 units by June 1986.

Among the developments in the last two weeks: Victor Co. of Japan announced that it would provide technological assistance and parts to several Chinese color-television assembly plants; a Canon Inc. joint-venture copier assembly plant began production; Toshiba Corp. won a contract to equip a florescent lamp plant, and Kawasaki Steel Corp. became the last major Japanese steelmaker to plan an office in Beijing.

In addition to direct investments, Japanese trading and securities companies are acting as middlemen in vigorously promoting trade with China. Mitsubishi Corp., a leading trading company, estimates that it has a 10-percent share of all trading transactions between the two countries.

Mitsui Watson expects Mr. Murphy to bring his style of management to ABC. "CCB runs a very lean operation," she said. "If they bring some of that corporate culture to ABC, ABC could be very profitable."

With ABC, Capital Cities fulfills its original plan. The company was founded as a broadcasting company, but soon reached the Federal Communications Commission limit of seven television stations and began branching out into newspapers and trade magazines. Recently, the company acquired several cable-television franchises and direct-mail operations. Last August, Capital, which is known by its stock exchange symbol CCB, acquired institutional investor magazine ABC.

Mr. Buffett, over the years, has made investments in fabric, clothing, stores, advertising agencies, publishing and insurance.

Some analysts began speculating about a merger of ABC and Capital Cities last summer, after rumors that the two companies had talked, but were surprised by the speed of the deal announced Monday.

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"I think ABC was in a position that they had to deal with the rumors in some fashion," she added. "It deals with the question of management succession at ABC. Tom Murphy will run the network." Mr. Golden is 79 years old, and Mr. Murphy is 59.

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Miss Watson expects Mr. Murphy to bring his style of management to ABC. "CCB runs a very lean operation," she said. "If they bring some of that corporate culture to ABC, ABC could be very profitable."

With ABC, Capital Cities fulfills its original plan. The company was founded as a broadcasting company, but soon reached the Federal Communications Commission limit of seven television stations and began branching out into newspapers and trade magazines. Recently, the company acquired several cable-television franchises and direct-mail operations. Last August, Capital, which is known by its stock exchange symbol CCB, acquired institutional investor magazine ABC.

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Some analysts began speculating about a merger of ABC and Capital Cities last summer, after rumors that the two companies had talked, but were surprised by the speed of the deal announced Monday.

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**Tuesday's
AMEX
Closing**

Vol. at 4 P.M. 10,142,000
Prev. 4 P.M. vol. 7,310,000

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div.	Yld.	PE	S1.	100\$	High	Low	Quot.	Chg.
A												
B												
7/16	376	365	ADT n				22	59	516	516	516	-1/16
7/16	34	34	ADC Ph				2	2	116	116	116	-1/16
14/16	84	84	AL Lab	.29	1.5	12	100	134	1254	13	1254	+ 3/16
20/16	12	12	AMCn	.12	4	14	14	194	194	194	194	-1/16
5/16	256	256	AMCn				171	495	416	495	416	+ 3/16
7/16/4	58	58	ATT Fd				60x	764	764	764	764	+ 3/16
6	214	214	AcmePr				15	915	915	915	915	-1/16
14/16	516	516	AcmePr	.32	3.4	15	250	1154	1154	1154	1154	+ 4/16
18/16	105	105	Action				22	515	515	515	515	-1/16
7/16	516	516	Action				28	48	48	48	48	-1/16
7/16	71	71	ACM M				28	48	274	274	274	+ 4/16
11/16	192	192	ACM M				4	25	25	25	25	+ 4/16
25/16	112	112	ACM M				12	25	25	25	25	+ 4/16
24/14	15	15	Adobe	.38	1.5	12	500	185	185	185	185	+ 1/16
5/16	416	416	Aeronc				17	746	716	716	716	+ 1/16
35/16	2652	2652	AT&T D				28	354	354	354	354	+ 1/16
9/16	6	6	AirExpo				24	52	52	52	52	+ 1/16
14	516	516	Aircal				24	51	51	51	51	+ 1/16
5/16	2	2	Alcomca				24	21	21	21	21	+ 1/16
9/2/2	6512	6512	Almitron				24	57	58	58	58	-2/16
13	416	416	Albow				24	8	732	8	732	+ 1/16
8/1	648	648	APC w				24	616	616	616	616	+ 1/16
9	516	516	APCO				24	101	101	101	101	+ 1/16
17/16	712	712	APCO				24	174	174	174	174	+ 1/16
26/16	375	375	APCO pf	3.75	11.2	22	402	174	174	174	174	+ 1/16
26/16	11	11	Adicep				22	754	244	244	244	+ 1/16
18/16	91	91	Adimhol	.29	1.3	12	503	15	22	22	22	+ 1/16
16/16	616	616	Adimedco	.08	1.9	5	34	5x	74	74	74	+ 1/16
8/16	416	416	AdimBII				21	7	7	7	7	+ 1/16
7/16	4	4	AdiCap				21	142	31	31	31	+ 1/16
30/16	124	124	ADEx w				12	2002	516	516	516	+ 1/16
9	516	516	ADFrc A				12	2002	516	516	516	+ 1/16
9	516	516	ADFRG S				12	2002	516	516	516	+ 1/16
12/14	714	714	ADHIM				15	516	516	516	516	+ 1/16
15/16	124	124	ADHIM				15	516	516	516	516	+ 1/16
18/16	124	124	ADHIM				15	516	516	516	516	+ 1/16
2/16	124	124	ADHIM				15	516	516	516	516	+ 1/16
10	3	3	ADHIM				15	516	516	516	516	+ 1/16
6/16	512	512	ADPett				19	516	516	516	516	+ 1/16
7/16	512	512	ADPinc v				19	516	516	516	516	+ 1/16
17/16	1112	1112	ADPrecs	.24	1.5	14	15	50	50	50	50	+ 1/16
8/12	616	616	ADRMrty				14	16	15	15	15	+ 1/16
16/15	1112	1112	ADRovn				14	1495	1495	1495	1495	+ 1/16
4/2	3	3	ADStc				13	516	516	516	516	+ 1/16
3/14	144	144	ADStol				7	32	32	32	32	+ 1/16
10/16	3	3	ADStol				13	516	516	516	516	+ 1/16
15/16	9	9	ADStol				13	516	516	516	516	+ 1/16
14/16	616	616	Angies				13	516	516	516	516	+ 1/16
2/20	616	616	Angies				13	516	516	516	516	+ 1/16
9/16	316	316	Angios				13	158	158	158	158	+ 1/16
11/16	616	616	Ararmtr				14	41	41	41	41	+ 1/16
12/16	9	9	ArrowA	.20	2.2	8	14	6	5	5	5	+ 1/16
24/10	10	10	Arundl				14	51	1756	516	516	+ 1/16
11/16	616	616	ASMSR g	.15	1.9	14	507	756	756	756	756	+ 1/16
3/16	216	216	ASTrotec				15	158	158	158	158	+ 1/16
17/16	1476	1476	ASTrotec	1.80	12.2	2	2764	15	156	156	156	+ 1/16
2/16	216	216	ASTrotec				24	516	516	516	516	+ 1/16
7/16	216	216	ATC w				24	516	516	516	516	+ 1/16
4/16	3216	3216	ATC w	1.00	2.4	15	1822	1456	1456	1456	1456	+ 1/16
4/16	734	734	Avonld	.20	4.9	14	1222	1456	1456	1456	1456	+ 1/16

B									
4%	2%	BAT	.12e	2.5	1923	414	474	444	+
374	222	BDM	.19	5	23	10	334	374	-
374	104	DMT	2	2	2	234	324	244	-
374	374	DTK	22	22	22	10	145	145	-
374	214	DTK	10	10	10	12	15	14	+
124	714	Deuter	40e	3.5	11	1	1754	1124	+
374	714	DeutS	32e	3.4	28	9	914	914	+
26	21	DesFid	2.08e	8.2	32	254	254	254	+
714	4%	DesGr	9	14	14	7	854	854	+
914	614	DesK&D	.40	4.6	19	49	7	334	334
414	374	DesCo	2	2	3	36	374	374	-
414	214	DesEn	14	14	14	32	32	32	-
574	4	DesR&G	341	2.5	18	14	1354	1314	+
1014	1014	DesR	2	2	2	23	214	224	-
1114	214	DesS	10	74	74	1	754	754	-
414	214	DesCh	1	1	1	1	1	1	-
814	214	DesB	1	1	1	1	1	1	-
214	214	DesF	1	1	1	1	1	1	-
5	3474	DesF&D	.20c	1	1	1	1	1	-
5014	3214	DesF&D	.35c	1	1	1	1	1	-
2014	1114	DesF&R	.12	1.2	14	559	559	559	+
574	314	DesF&R	.12	1.2	14	3	454	454	+
3014	1514	DesG	.72	3.3	7	132	232	232	+
1204	1514	DesG	.72	3.3	7	124	124	124	+
614	414	DesH	.15	24	24	3	654	654	654
14	1914	DesH&F	1.00	4.3	11	19	2324	2324	2324
16%	14	DesR&B	26	26	1	154	1454	1454	+
17	14	DesR&A	25	25	1	16	16	16	-
3414	1714	DesS&E	.20e	2.4	8	1	3014	3014	-
314	314	DesBlockE	1	1	1	1	1	1	-
11014	91014	DesG&M	.45	2.4	6	53	1754	1714	+
2714	2214	DesG&P	.25	1.1	1	43	356	356	+
1914	1112	DesG&W	20	20	20	1254	1254	1254	+
414	214	DesW	1	1	1	1	1	1	-
19	12	DesW	.44	2.7	17	91	1454	1454	+
3014	214	DesS&G	1	1	1	254	254	254	-
1514	1114	DesR&S	.44	2.7	17	7	1214	1214	-
2214	2214	DesR&F	.25	2.5	10	555	3144	3144	+
34	2314	DesR&B	.58	2.5	10	3474	3474	3474	+
5	2314	DesS&C	.58	2.5	10	78	554	554	554
3414	1514	DesS&W	.58	2.5	6	60	55	55	+
3414	1514	DesS&G	.58	2.5	6	1	2074	2074	2074

Over-the-Counter **March 19**
NASDAQ National Market Prices

NASDAQ National Market Prices

(Continued on Page 2)

geria Cuts ight-Crude ice by \$1

Reuters

ME—Algeria has decided to raise a price of its Saharan blend crude oil by \$1 a barrel, from \$29.50, effective Wednesday, spokesman for Agip SpA, state oil company, said.

cut follows a declaration by a after the last conference of the Organization of Petroleum Exporting Countries in January that it not adhere to the decision to crude differentials by cutting crude prices, but would to gauge market conditions and Iran also dissociated itself from the conference de-

opponents said the Algeria brought Algeria into line the prior agreement reached OPEC majority at the January's conference in Geneva.

New York, Algeria's decision is likely to have only a limited effect on world crude-oil market, industry sources said.

they most certainly are not at \$29.50," one of company's managers said. In the spot oil, traders said Saharan sold for delivery in the Mediterranean at \$28.30 a barrel Tues-

while in Geneva, Indonesia's energy minister, Subroto, said that Britain's decision to its state-owned oil-trading company would have no short-term on the international oil mar-

BUSINESS PEOPLE

BNP International Division Is Divided Into Six Sections

By Lynne Curry

International Herald Tribune

LONDON—Banque Nationale de Paris has restructured its international division into six sections. Emmanuel Philpon, senior vice president, will head the division in Paris. The other appointments involved in the reorganization are:

Guy Hamon, executive vice president, to be responsible for Europe, Asia, the United States and the Pacific Basin.

Jean-Louis Hantocur, executive vice president, to be responsible for Central and North Africa, Middle East and French overseas territories. Mr. Hantocur is also in charge of the BNP's commodity finance operations.

Gerard Prache, executive vice president, to be responsible for international financial operations, investment advisory service and international corporate finance and supervision of foreign subsidiaries specialized in these activities.

Jean-Rene Maillard, executive vice president, to be responsible for external trade and export finance.

Jean-Pierre Lefoulon, senior vice president, to be responsible for international risk management, treasury and foreign exchange.

Alain Briffod, executive vice president, to be responsible for staff, administration and organization, international division.

All of the above executives will stay in Paris.

N.V. Bekaert F.A., the Belgian wire and steel-cord maker, has appointed Jean Charles Vege chairman. He will stay in Kortrijk, Bel-

gium, where he is currently the company's president and chief executive. He begins his new job in May, when he succeeds Baron Anton Bekaert, who will become honorary chairman and who will remain a member of the board.

Baron Vinck will replace Mr. Vege as Bekaert's chief executive.

Libra Bank PLC, the London-based merchant bank, has appointed Peter Belmont managing director. Mr. Belmont will remain in London, where he was previously the bank's general manager.

Thomas Giffey, who is returning to Chase Manhattan in London after 13 years' secondment to Libra Bank. Libra Bank has also appointed Frederic Z. Heller executive director in London.

Honeywell Europe SA has appointed Patrick Driebek director of legal services. He will remain in Brussels, where he succeeds Richard Bony, who is moving to Honeywell's headquarters in Minneapolis as assistant general counsel.

British Petroleum Co. has appointed John Saint chief executive of BP Petroleum Development (Northwest Europe) and director of BP Exploration Co. Ltd. He will stay in London, where he will replace Peter Lane, who retire in May. John Turnbull has also been named general manager of BP Petroleum Development's Indonesian branch. Mr. Turnbull, currently based in London, will move to Jakarta, where he will succeed George Wood, who has been appointed to the company's branch in Guangzhou, China.

Managers Try Consultants

(Continued from Page 17)

prevent the blood from spilling on the carpet," says Ted Simpson of Sanders & Sydney Personnel Ltd., a London-based outplacement company.

Even when the parting is amicable and an executive doesn't feel that the company was unfair, the experience can be difficult.

"It was a shock," says one senior executive who moved from his own business to a large company and was laid off at 51 after only a few years on the job. "I had expected this to be my final career move. Going to an outplacement service helped."

Unlike legal action that can be expensive for the executive, outplacement is paid for by the company.

"Great Britain, lawyers don't work on the basis of a percentage of the take," says Jack Barnes, director of Minster Executive Ltd., a London-based company that he started after he lost his job at age 54, following the acquisition in 1974 of William Cory & Son Ltd. by Ocean Transport & Trading PLC, an international shipping firm. "If you retain a lawyer here you pay them."

In the United States, lawyers who take on an unfair-dismissal case usually charge 33 percent of any settlement or damages.

Not unexpectedly, most outplacement services advise against suing the company.

Some outplacement consultants will contact potential employers on the executive's behalf. Others believe that the executive is better off conducting his own job campaign and that any direct involvement by the outplacement company could preclude a successful job hunt.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

EMPLOYMENT

GENERAL POSITIONS WANTED

ENGLISH/ITALIAN part-time public relations available in Milan, Italy. Write to: International, 633 1530 31235.

TRANSPORTS: a few weeks.

Paris, Tel. 321 23 99 85. Convex 43 44.

Answers: 233 99 85. Convex 43 44.

London, 245 245.

SECRETARIAL POSITIONS AVAILABLE

BILINGUAL EXECUTIVE SECRETARY & PERSONAL ASSISTANT required for a major organization in Paris. Write to: a.s.p. Paris France & English. Importers & Exporters of fine fabrics. Tel. 321 23 99 85. Convex 43 44.

MANAGERS & DIRECTORS: PUBLISHER

of a well-known French magazine.

French, English mother tongue. Acpt. beginner. Tel. 747 91 23 62.

INT'L LAW FIRM: in Paris seeks bilingual secretary with some knowledge of English mother tongue necessary.

Paris, Tel. 598 123 7000. 7026.

SECRETARIES AVAILABLE

GR—THE CHEMIE DE LA CREME

French, English, Italian, Spanish, German, English mother tongue necessary.

Paris, Tel. 598 82 30.

EDUCATIONAL POSITIONS AVAILABLE

LANGUAGE SCHOOL: seeks hourly paid mother-tongue English teachers.

French, Italian, Spanish, German, English mother tongue. Write to: a.s.p. Paris France & English. Importers & Exporters of fine fabrics. Tel. 321 23 99 85. Convex 43 44.

LANGUAGE SCHOOL: seeks full time teacher. French, English, Italian, Spanish, German, English mother tongue necessary.

Paris, Tel. 598 82 30.

DOMESTIC POSITIONS AVAILABLE

SERIALS: ALL-PAIR girl required from June to Sept. to speak English to 2

2000 hours. Write to: a.s.p. Paris France & English. Importers & Exporters of fine fabrics. Tel. 321 23 99 85. Convex 43 44.

TRANSCO: seeks 2000 hours.

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SPORTS

Roma Looks to Rush Through a Loophole

International Herald Tribune
LONDON — "At Rome all things can be had at a price."

Did Juvenal, writing a hundred years after the birth of Christ, have vision of how devious, how irreconcilable, 20th-century Romans might become in pursuit of their goals?

A.S. Roma, fallen from a one-season championship stand and affected by the brittleness of its talented Brazilians, Roberto Falcao and Toninho Cerezo, is reportedly looking abroad for new blood. Its covetous eyes are back on Ian Rush, the reigning European "golden boot" who is now restored to goal-poaching in his clean, sharp, incisive fashion following four knee surgery last fall.

But surely nothing can come of it. Does memory deceive us, or did the Italian federation rule a farago that imports would cease in 1986?

But there are ways of circumventing rules.

The federation recently reassessed the situation of clubs anticipating promotion from the second

ROB HUGHES

division this summer. It agreed — "to be fair" — to let promoted teams buy and bring in two foreigners. ... And although one would never believe it of Roma President Dino Viola (a man already sitting on astronomical club debt), word persists that Roma will put up \$4 million (\$4.4 million) to finance its Cup against Austria Vienna. Rush blanked during the first leg but, typically Liverpool, his side coolly drew.

Along with Liverpool, Juventus (three goals up on Sparta Prague) Dniproprostropov (level after the away leg in Bordeax) and Panathinaikos (after controversially winning by a penalty in Gothenburg) are favorites to make the semifinals.

In the Cup Winners' Cup, Roma may fill its house but not sufficiently fill Bayern Munich's goal to offset the West Germans' two-goal advantage. Despite injuries, Everett should qualify comfortably against the Dutchmen from Fortuna Sittard. Moscow Dynamo is a red-hot certainty to eliminate Larissa of Greece, and although Rapid Vienna found ways of countering its way past Celtic in the last round, I doubt it can pull back three goals against Dynamo Dresden.

The UEFA Cup, as ever, is more open. Manchester United overran Videoton in the home leg, but squeezed only a solitary goal — not enough if the Hungarians show appetite enough to become the first Magyar side in the semis in six years. They did so spectacularly in an earlier round, Josef Szabo netting four times in a 5-0 second-leg bombardment that erased Partizan Belgrade's 2-0 advantage.

Dynamo Minsk has a tall order in trying to reverse a 2-0 deficit against Zeljeznicar of Yugoslavia. And Real Madrid, still wobbling despite deservedly outwitting Tottenham to finish a goal up in London, has two more doses of bad news. First, the absence (hepatitis) of defensive anchor Uli Stielike, and second the resilient away form of Spurs, who last Saturday (thanks to a phenomenal goal-keeping display

by Ray Clemence) won in Liverpool for the first time in 73 years.

Tottenham's previous victory in that stadium had been in the year the Titanic went down. Comparisons are being made to the once-glorious Real Madrid but, on the evidence of the Spaniards' mastery in London, I suspect its troubled ship will float a while longer.

From ship's company to superstars — or back to soccer gods and huge fortunes. West Germany is going through spasms of self-appraisal and self-denigration. Its workbench solidarity is a substitute for lost artistry.

"After the war in Germany," its one-time midfield creator, Reiner Bonhof, has commented, "people realized they all had to work hard together, and this mentality reached soccer, where too much emphasis is put on teamwork and less on individual triumph."

A week ago, Pierre Littbarski, one of the few who might have opposed that trend, was banned for four weeks for persistent fouling. And national boss Franz Beckenbauer, once the epitome of elegance, admitted: "I may be partly to blame — I urged Littbarski to be more aggressive."

For "aggressive" in soccer parlance, read dirty, indusious, niggling or just athletic. Anyway, Littbarski's team, Cologne, will play to a packed stadium Wednesday when it attempts to overcome Inter-Milan's slender one-goal lead.

Packed for one reason: The return of the last of West Germany's great individuals, Karl-Heinz Rummenigge. Long before he scored a scintillating goal for Inter against AC Milan last Sunday, Cologne's house was fully booked for the superstar's appearance.

It is his second homecoming in the UEFA competition. Hamburg also sold out when Rummenigge visited with Inter in the previous round, and now 61,188 Cologne fans are paying \$400,000 (and television is chipping in \$65,000), mainly in anticipation of one man's flair.

All eyes will be on him, and one more stroke of Rummenigge genius — one more memory from this former bank clerk — will remind his kinfolk of the precious talent whose price all Italians, not just Romans, are prepared to pay.

SCOREBOARD**National Basketball Association Leaders**

NBA leaders through games of Sunday, March 17		GP	Pl.	Avg.	TEAM OFFENSE	GP	Pl.	Avg.	TEAM DEFENSE	GP	Pl.	Avg.
Denver	67	166	1224	10.6	Atlanta	48	725	10.6	Portland	45	754	11.1
Dallas	67	744	1158	10.8	New York	48	724	10.9	Philadelphia	45	747	11.5
San Antonio	67	745	1153	10.8	Los Angeles	48	724	10.9	Seattle	45	747	11.5
Boston	48	780	1123	10.5	Philadelphia	48	724	10.9	Indiana	45	722	11.2
Kansas City	48	775	1140	10.5	Phoenix	48	724	10.9	Atlanta	45	721	11.2
Portland	48	774	1133	10.5	Golden State	48	724	10.9	San Antonio	45	701	11.4
Philadelphia	48	789	1134	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
Dallas	48	723	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
Houston	48	728	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
Milwaukee	48	728	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
New Jersey	48	729	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
Chicago	48	740	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
Utah	48	740	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
Golden State	48	726	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
Phoenix	48	724	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
Cleveland	48	721	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
Indiana	48	733	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6
L.A. Clippers	48	694	1072	10.2	Golden State	48	723	10.9	Golden State	45	773	10.6
Denver	48	733	1123	10.5	Golden State	48	723	10.9	Golden State	45	773	10.6

SCORING		G	Ft.	Pts.	Avg.	SCORING	G	Ft.	Pts.	Avg.	SCORING	G	Ft.	Pts.	Avg.	
Portland	45	754	1111	10.6	Portland	45	484	389	132	22.2	Portland	45	349	409	85	12.1
Cleveland	45	747	1113	10.6	Portland	45	495	299	128	22.4	Portland	45	219	374	773	12.1
Philadelphia	45	747	1113	10.6	Portland	45	475	244	148	22.6	Portland	45	201	372	712	11.2
Indiana	45	722	1124	10.5	Portland	45	455	228	127	21.2	Portland	45	180	372	712	11.2
Atlanta	45	721	1124	10.5	Portland	45	445	226	127	21.2	Portland	45	164	359	723	10.4
Seattle	45	721	1124	10.5	Portland	45	435	226	127	21.2	Portland	45	154	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	425	226	127	21.2	Portland	45	144	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	415	226	127	21.2	Portland	45	134	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	405	226	127	21.2	Portland	45	124	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	395	226	127	21.2	Portland	45	114	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	385	226	127	21.2	Portland	45	104	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	375	226	127	21.2	Portland	45	94	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	365	226	127	21.2	Portland	45	84	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	355	226	127	21.2	Portland	45	74	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	345	226	127	21.2	Portland	45	64	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	335	226	127	21.2	Portland	45	54	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	325	226	127	21.2	Portland	45	44	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	315	226	127	21.2	Portland	45	34	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	305	226	127	21.2	Portland	45	24	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	295	226	127	21.2	Portland	45	14	359	723	10.4
Golden State	45	721	1124	10.5	Portland	45	285	226	127	21.2	Portland	45	4	359	723	10.4

